

*Study & Master*

# Economic and Management Sciences

**CAPS**



Teacher's Guide

Grade

**7**

Marietjie Barnard • Angela Voges  
Christine de Nobrega

*Study & Master*

# **Economic and Management Sciences**

**Grade 7  
Teacher's Guide**

Marietjie Barnard • Angela Voges • Christine de Nobrega



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## 1. Curriculum and Assessment Policy Statement (CAPS)

A single Curriculum and Assessment Policy Statement (CAPS) exists for each school subject. The CAPS for each subject details the minimum outcomes and standards of the learning process, as well as assessment processes and procedures.

For more information on the CAPS, please see Section 1 of the CAPS document for Economic and Management Sciences.

## 2. Economic and Management Sciences as a subject

### Aims

Economic and Management Sciences is a fundamental subject and is therefore compulsory for all Grade 7 to 9 learners. As a practical subject, its aim is to equip learners with real-life skills for their personal development and the development of their communities. In other words, Economic and Management Sciences aims to:

- Develop learners' skills to deal with the efficient and effective use of different types of private, public or collective resources to satisfy people's needs and wants.
- Guide learners to reflect critically on the impact of resource exploitation on the environment and on people.
- Teach learners to deal with the effective management of scarce resources in order to maximise profit.
- Provide opportunities for learners to expand their own personal development.
- Guide learners using tasks that promote the idea of sustainable economic growth and the development of their communities.

### Economic and Management Sciences topics

The issues dealt with in Economic and Management Sciences are inter-related and covered through three topics:

- The economy
- Financial literacy
- Entrepreneurship

The table below indicates the main topics in the Economic and Management Sciences curriculum.

	Topic	Grade 7	Grade 8	Grade 9
1	<b>The economy</b>	<ul style="list-style-type: none"><li>• History of money</li><li>• Needs and wants</li><li>• Goods and services</li><li>• Inequality and poverty</li><li>• The production process</li></ul>	<ul style="list-style-type: none"><li>• Government</li><li>• The National Budget</li><li>• Standard of living</li><li>• Markets</li></ul>	<ul style="list-style-type: none"><li>• Economic systems</li><li>• The circular flow</li><li>• Price theory</li><li>• Trade unions</li></ul>



	Topic	Grade 7	Grade 8	Grade 9
2	<b>Financial literacy</b>	<ul style="list-style-type: none"> <li>• Savings</li> <li>• Budgets</li> <li>• Income and expenses</li> <li>• Accounting concepts</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting concepts</li> <li>• Accounting cycle</li> <li>• Source documents</li> <li>• Cash Receipts Journal and Cash Payments Journal of a service business</li> <li>• Effects of cash transactions on the accounting equation</li> <li>• General Ledger</li> <li>• Trial Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Cash Receipts Journal and Cash Payments Journal of a sole trader</li> <li>• Posting to the General Ledger</li> <li>• Preparing a Trial Balance</li> <li>• Recording transactions in the Debtors Journal, Creditors Journal</li> <li>• Posting to the Debtors Ledger and Creditors Ledger</li> </ul>
3	<b>Entrepreneurship</b>	<ul style="list-style-type: none"> <li>• The entrepreneur</li> <li>• Starting a business</li> <li>• Businesses</li> <li>• Entrepreneur's Day</li> </ul>	<ul style="list-style-type: none"> <li>• Factors of production</li> <li>• Forms of ownership</li> <li>• Levels of management</li> <li>• Functions of management</li> </ul>	<ul style="list-style-type: none"> <li>• Sectors of the economy</li> <li>• Functions of a business</li> <li>• A business plan</li> </ul>

### Overview of content

An overview of the content of Economic and Management Sciences entails the following:

- the needs and wants of different communities in societies
- the nature, processes and production of goods and services, and business activities within the different sectors
- financial management, accounting as a tool for management of a business, and record keeping
- the influence of demand and supply, and pricing
- the flow of money, goods and services between households, business and government, and the rights and responsibilities of the different role players in the economy
- the way in which to achieve sustainable growth, reduce poverty and distribute wealth fairly, while still pursuing profitability
- entrepreneurial skills and knowledge needed to manage self and the environment effectively
- basic aspects of leadership and management
- the role of savings in sustainable economic growth and development
- trade unions and their influence in the economy
- the importance of using resources sustainably, effectively and efficiently
- the functioning of both formal and informal businesses.

### Time allocation

The teaching time for Economic and Management Sciences is two hours per week.



The instructional time per year for each Economic and Management Sciences topic in Grade 7 is as follows:

<b>Topic</b>	<b>Number of hours per year</b>
The economy	26
Financial literacy	20
Entrepreneurship	18
Revision	6
<b>Contact time</b>	<b>70</b>
<b>Examinations</b>	<b>10</b>
<b>Total hours</b>	<b>80</b>
<b>Total weeks</b>	<b>40</b>

For information on assessment in Economic and Management Sciences, please see Section 3 of this Teacher's Guide.

### **3. How *Study & Master Economic and Management Sciences Grade 7* works**

#### **Teaching and learning materials required for Economic and Management Sciences**

- Each learner should have a textbook and a calculator.
- Learners should have a normal exercise book.
- Teachers should have a textbook with a teacher guide.

#### **Course components**

*Study & Master Economic and Management Sciences Grade 7* consists of a:

- Learner's Book
- Teacher's Guide

#### **Learner's Book**

The Learner's Book is divided into four terms that cover the three Economic and Management Sciences topics in the same order as they appear in the Annual Teaching Plan of the CAPS document. Thus each term in the Learner's Book is divided as follows:

- Economic and Management Sciences topics
- Content within each topic as outlined in the CAPS document
- Activities.

There is a revision section at the end of each term which learners can use to revise the terms' work in preparation for the controlled tests at the end of Terms 1 and 3, and the mid-year and end-of-year examinations at the end of Terms 2 and 4.

Formal assessment opportunities are included in the Learner's Book where appropriate:

- Formal Assessment Task 1, which is a written assignment, appears in Term 1.
- Formal Assessment Task 2 is a case study and appears in Term 2.
- Formal Assessment Task 3, which is a project, appears in Term 3.
- Examination practice papers appear at the end of Terms 2 and 4 for the mid-year and end-of-year examinations.
- The actual end-of-year examination paper and marking memorandum appears in the Resources section of this Teacher's Guide.
- The two controlled tests and their marking memorandums appear at the end of Terms 2 and 4 in Section 2 of this Teacher's Guide.





### Teacher's Guide

The Teacher's Guide provides information and guidance on:

- Economic and Management Sciences as a subject (Section 1)
- planning for the Grade 7 year and lesson-by-lesson guidance, including tips to cover resources, a list of new words and concepts, and preparation required prior to teaching the topic (Sections 1 and 2)
- suggested answers for all activities in the Learner's Book (Section 2). Please note that the answers given are guidelines only. You should encourage creative and critical thinking from learners, wherever appropriate.
- informal assessment suggestions (Section 2)
- consolidation (remedial) and extension activity suggestions (Section 2)
- controlled tests and marking memorandums (Section 2)
- a Programme of Assessment (Section 3)
- guidance on the assessment of all Formal Assessment Tasks (Section 3)
- marking memorandums for all Formal Assessment Tasks (Section 3)
- recording and reporting of formal assessments (Section 3)
- end-of-year examination paper and marking memorandum (Section 4) and the memorandums for the Learner's Book examination practice papers (Section 2)

Section 2 mirrors the Learner's Book and is divided into terms.

You will see these icons next to the activities in the Learner's Book and Teacher's Guide. This is what the icons mean:

These icons mean	
	work alone
	work in pairs
	group work
	class work

## **Inclusivity**

An important part of teaching is to accommodate all learners, including those who experience barriers to learning. *Study & Master Economic and Management Sciences* takes into account that learners come from different backgrounds and have different abilities. So it offers learning material that learners can relate to while extending their learning and experiences. There are a variety of types of activities – activities that appeal to learners of all levels and backgrounds, and that offer opportunities to work individually, in pairs, in groups or as a whole class. This Teacher’s Guide also provides consolidation (remedial) and extension activities for each topic, which teachers need when they have to manage a class of diverse learners.

Section 4 (Resources) also provides templates for learners, a PowerPoint CD and a list of useful reading material and Internet resources that you can use to further your own knowledge within the Economic and Management Sciences curriculum.

#### 4. Grade 7 Annual Teaching Plan

The table below indicates how *Study & Master Economic and Management Sciences Grade 7* covers all requirements of the CAPS for Economic and Management Sciences and how it is intended for use in each of the 40 weeks in the school year. It is compulsory to complete all the topics as indicated in the Annual Teaching Plan. When teaching these topics, the context of the school should be considered.

#### TERM 1

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
1-3	The economy	1	The history of money	6	<ul style="list-style-type: none"> <li>• Traditional societies</li> <li>• Bartering</li> <li>• Promissory notes</li> <li>• Coins</li> <li>• Paper money</li> <li>• Electronic banking</li> <li>• The role of money</li> </ul>	Textbook, newspaper and magazine articles, relevant pictures, examples of coins and notes from other countries
4-5	The economy	2	Needs and wants	4	<ul style="list-style-type: none"> <li>• Basic needs of individuals, families, communities and countries</li> <li>• Primary and secondary needs</li> <li>• Unlimited wants</li> <li>• Limited resources to satisfy needs and wants</li> </ul>	Textbook, relevant pictures and examples, newsprint, coloured pens/chalk
6-7	The economy	3	Goods and services	4	<ul style="list-style-type: none"> <li>• Goods and services</li> <li>• Examples of goods and services</li> <li>• Producers and consumers</li> <li>• The role of households as producers and consumers</li> <li>• Using goods and services efficiently and effectively</li> <li>• How to recycle and reuse goods to satisfy needs and wants</li> </ul>	Textbook, relevant pictures and examples, names of local businesses and recycling services in the area

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
8–10	Entrepreneurship	4	Businesses	6	<ul style="list-style-type: none"> <li>Formal and informal businesses</li> <li>Types of businesses (trading, manufacturing and service) that are both formal and informal</li> <li>Advantages and disadvantages of formal and informal businesses</li> <li>The role of formal and informal businesses as producers and consumers</li> <li>The effect of natural disasters and health epidemics on formal and informal businesses</li> </ul>	Textbook, newspaper, magazine and Internet articles, relevant pictures, newsprint, relevant statistics, examples of local formal and informal businesses
10	Revision				Revise all work covered during this term	Textbook
<b>Formal assessment:</b>						
1. Assignment (40%)						
2. Controlled test (60%) (must include all topics covered in Term 1)						

## TERM 2

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
1	Revision	5	Looking back, looking ahead	2	<ul style="list-style-type: none"> <li>Revise the work covered in the first term</li> <li>Give learners an overview of what will be taught during the second term</li> </ul>	Textbook, mind maps
2–3	Financial literacy	6	Accounting concepts	4	<ul style="list-style-type: none"> <li>Capital</li> <li>Assets</li> <li>Liability</li> <li>Income</li> <li>Expenses</li> <li>Profit</li> <li>Losses</li> <li>Budgets</li> <li>Savings</li> <li>Banking</li> <li>Financial records</li> <li>Transactions</li> </ul>	Textbook, newspaper, magazine and Internet articles, examples of budgets and financial records, pamphlets and information sheets from local banks

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
4-6	Financial literacy	7	Income and expenses	6	<ul style="list-style-type: none"> <li>Personal income</li> <li>Personal expenses</li> <li>Types of personal income</li> <li>Personal statement of net worth</li> <li>Types of income that businesses receive</li> <li>Types of expenses that businesses have</li> <li>Savings and investments in businesses</li> </ul>	Textbook, newspaper, magazine and internet articles, relevant pictures
7-8	Financial literacy	8	Budgets	4	<ul style="list-style-type: none"> <li>Definition of a budget</li> <li>Income</li> <li>Expenditure</li> <li>A personal budget</li> <li>A business budget</li> </ul>	Textbook, sample business budget from a local business, enlarged copies of budgets
9-10	Revision				Revise all work covered during this term	Textbook
9-10	Mid-year examination (must be based on the work covered in Terms 1-2)					
<b>Formal assessment:</b>						
1. Case study (40%)						
2. Mid-year examination (60%)						

### TERM 3

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
1	Revision	9	Looking back, looking ahead	2	<ul style="list-style-type: none"> <li>Revise work covered in the second term</li> <li>Give learners an overview of what will be taught during the third term</li> </ul>	Textbook, mind maps

<b>Week (2 hours per week)</b>	<b>Economic and Management Sciences topic</b>	<b>Topic no.</b>	<b>Topic title</b>	<b>No. of hours</b>	<b>Economic and Management Sciences CAPS content</b>	<b>Resources</b>
2-3	Entrepreneurship	10	The entrepreneur	4	<ul style="list-style-type: none"> <li>• Definition of an entrepreneur</li> <li>• Characteristics of an entrepreneur</li> <li>• Skills of an entrepreneur</li> <li>• Entrepreneurial actions of buying, selling, producing and making a profit</li> </ul>	Textbook, newspaper, magazine and Internet articles on and pictures of local and international entrepreneurs, practical examples of different entrepreneurial businesses
4-5	Entrepreneurship	11	Starting a business	4	<ul style="list-style-type: none"> <li>• Needs and wants of consumers</li> <li>• Analysis of strengths, weaknesses, opportunities, threats (SWOT)</li> <li>• Setting goals</li> <li>• Achieving goals</li> <li>• The concept of advertising</li> <li>• Media used in advertising</li> <li>• Principles of advertising</li> <li>• Budget for Entrepreneur's Day</li> <li>• Use of recycled material</li> <li>• Simple cost calculation - variable cost, fixed cost, selling price</li> </ul>	Textbook, newspaper, magazine and Internet articles, relevant pictures, newsprint, coloured pens/chalk, many examples of advertisements and advertising, magazines and newspapers, worked examples of calculations
6-7	Entrepreneurship	12	Entrepreneur's Day	4	<ul style="list-style-type: none"> <li>• Hosting of Entrepreneur's Day</li> <li>• Income and expenditure statement</li> </ul>	Photos, information and notes on previous Entrepreneur's Days, examples of shop fronts and stalls
8-10	The economy	13	Inequality and poverty	6	<ul style="list-style-type: none"> <li>• Causes of socio-economic imbalances</li> <li>• Inequality in South Africa</li> <li>• Education and skills to fight inequality and injustice</li> <li>• Urban and rural challenges</li> <li>• Creating sustainable job opportunities</li> </ul>	Textbook, relevant newspaper articles and photos/pictures, newsprint, information from relevant websites and sources, copy of the SA Constitution
10	Revision				Revise all work covered during this term	Textbook
<b>Formal assessment:</b> 1. Project (40%) 2. Controlled test (60%) (must include all topics covered in Term 3)						



## TERM 4

Week (2 hours per week)	Economic and Management Sciences topic	Topic no.	Topic title	No. of hours	Economic and Management Sciences CAPS content	Resources
1	Revision	14	Looking back, looking ahead	2	<ul style="list-style-type: none"> <li>• Revise the work covered in the third term</li> <li>• Give learners an overview of what will be taught during the fourth term</li> </ul>	Textbook, mind maps
2-4	The economy	15	The production process	6	<ul style="list-style-type: none"> <li>• Definition of production</li> <li>• Inputs and outputs</li> <li>• Sustainable use of resources</li> <li>• Meaning of economic growth</li> <li>• Meaning of productivity</li> <li>• The effect of productivity on the economic growth</li> <li>• Technology in the production process</li> <li>• Contribution of technology to improving productivity and economic growth</li> </ul>	Textbook, newspaper and magazine and internet articles, relevant pictures and photos, research local manufacturing businesses for possible class visit
5-7	Financial literacy	16	Savings	6	<ul style="list-style-type: none"> <li>• Personal savings</li> <li>• Purpose of savings</li> <li>• History of banks</li> <li>• The role of banks</li> <li>• Services offered by banks</li> <li>• Opening a savings account at a bank</li> <li>• Community savings schemes</li> <li>• Financial organisations</li> <li>• Financial institutions and organisations promoting entrepreneurship</li> </ul>	Textbook, newspaper and magazine and internet articles, brochures from local banks, stores that offer credit and other financial institutions, research options for entrepreneur support
8-9	Revision				Revise all work covered during this term	Textbook
8-9	Examination preparations			4	<ul style="list-style-type: none"> <li>• Revise the work covered throughout the year</li> <li>• Study techniques</li> <li>• Examination writing skills</li> </ul>	Textbook, mind maps
10	End-of-year examination (must include all topics covered in Terms 1-4)					
<b>Formal assessment:</b> End-of-year examination						



## 2. Lesson by lesson

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This section contains teaching notes for the topics in the Learner's Book; answers to all the activities; informal assessment suggestions; consolidation (remedial) and extension activity suggestions and revision activities.

<b>TERM 1</b>	<b>14</b>
<b>Formal Assessment Task 1: Assignment</b>	<b>31</b>
<b><i>(see also Section 3)</i></b>	
<b>TERM 2</b>	<b>63</b>
<b>Formal Assessment Task 2: Case study</b>	<b>78</b>
<b><i>(see also Section 3)</i></b>	
<b>TERM 3</b>	<b>95</b>
<b>Formal Assessment Task 3: Project</b>	<b>118</b>
<b><i>(see also Section 3)</i></b>	
<b>TERM 4</b>	<b>142</b>

# TERM 1

## Topic 1

# The history of money

Learner's Book pages 2–14

Duration: 6 hours

### Term and week/s

Term 1, Weeks 1–3

### New words and concepts

industrialised;  
subsistence;  
bartering;  
commodities;  
promissory notes;  
currency; electronic  
banking; consumer  
economy;  
sustainability

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about THE ECONOMY. They will look at:

- traditional societies
- bartering
- promissory notes
- coins
- paper money
- electronic banking
- the role of money

## Resources

Much of this topic covers historical content, so find as many examples illustrating bartering and historical forms of money as you can.

Look for pictures of early coins and notes, and find examples of how bartering worked. If you can, bring examples of coins and notes from other countries to the class for learners to handle. Find information about the names and relative values of some African and non-African foreign currencies.

Urban learners who have grown up in modern society, with its technology and convenience, may find the idea of traditional societies difficult to grasp. Find pictures illustrating traditional societies, ones that show that traditional societies still exist in modern times.

You may want to enlarge a copy of the timeline in Activity 1.3 and display it on the wall to help learners complete the activity.

Rural learners may not have had much exposure to electronic banking. If your school does not have an Internet connection that you can use to show learners what Internet banking is, find pictures of the sequence of banking screens and images of ATMs to teach this content.

Bring articles to class during this topic about electronic banking and the role of money. Find information about traditional societies and bartering in publications such as *National Geographic* if you have access to them. Use the Internet to find ways of bringing this content to life.

Constantly look out for newspaper and magazine articles about EMS.

## Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Anticipate the kinds of questions your learners will ask and equip yourself to answer them.
- Use your school's media centre, the Internet and public libraries for research.
- Ensure that you give yourself enough time to gather the resources you need for each class.
- Collect as many local examples as possible to make the content accessible and meaningful to your learners.

## Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
1	1	15	1.1
2	2	16–17	1.2–1.3
3	3	18	1.4

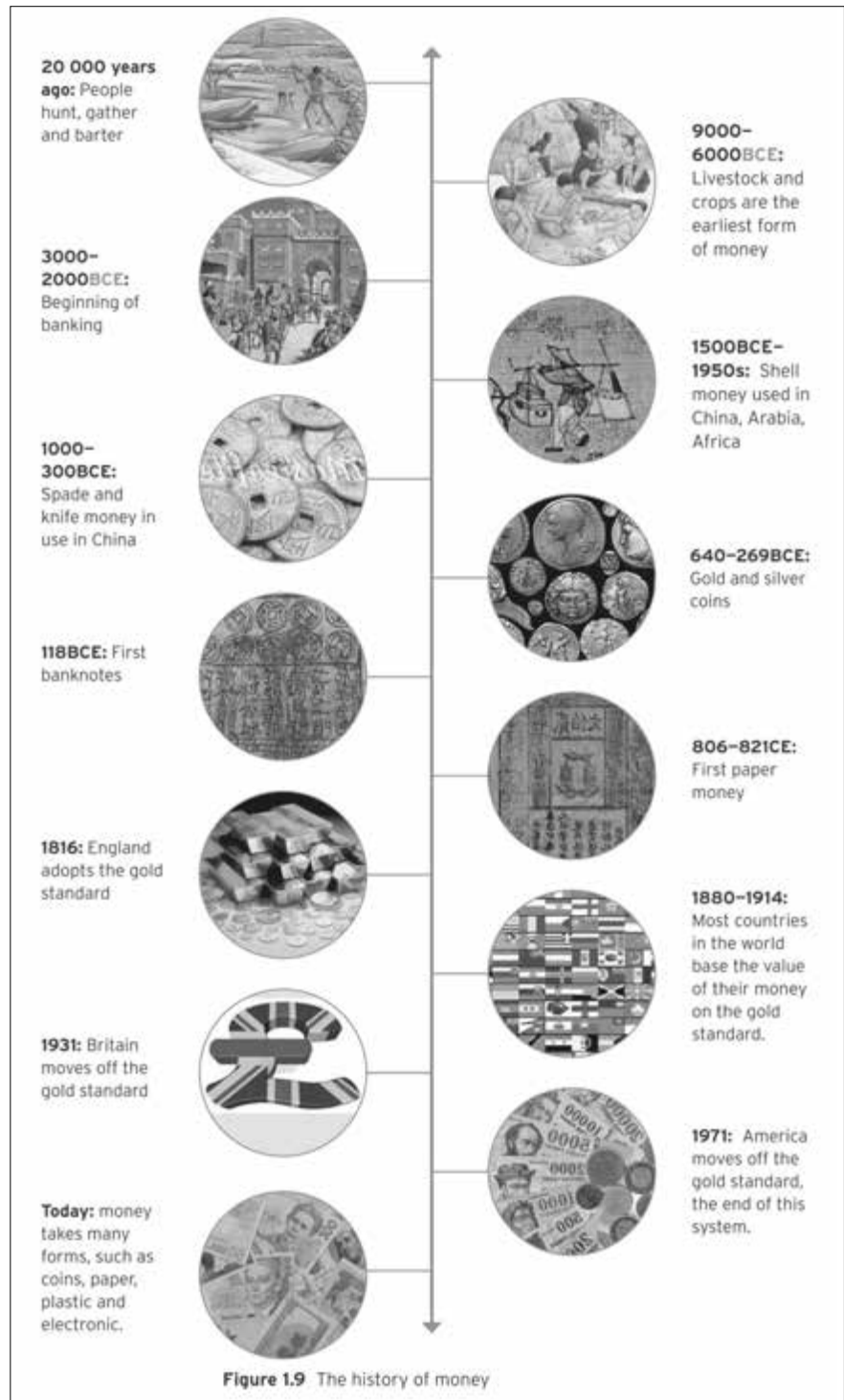
### Lesson 1

- Start by using the illustration in the Learner's Book page 2 as a springboard for a discussion about what money is. We all know what it is and we use it all the time, but make sure that learners grasp that money is linked to an exchange.
- When you introduce modern and traditional societies, make sure that learners do not view traditional societies in a derogatory way. Discuss traditional societies respectfully and encourage learners to see that unindustrialised societies have many benefits, such as sustainability.
- Talk about the specialised skills that people in modern societies have. Compare this specialisation with traditional societies, in which people could generally do a wider range of things well, compared to people in modern societies.
- Explain what subsistence activities are. Encourage learners to see that we are not self-sufficient in modern societies – we rely on businesses to provide goods and services to us. Have a brief discussion about whether this is good or bad.
- Discuss the importance of money in the two society types, and how it is more important to people in modern societies than to people in traditional societies.
- **Do Activity 1.1.**

## Lesson 2

- Move on to bartering. Work through the text in the Learner's Book pages 4–5. Use an example in modern life to illustrate the shortfalls of bartering by asking learners, for example, what would happen if the silent barter system were to be used today. Do they think that it is safe to leave goods in an area for others to collect, or do they think that these goods would go missing in modern society? Explain that successful bartering depends on the people you are trading with, having what you want at the right time.
- Encourage learners to think about an economy that is run without money and with only commodities such as grain, wool and meat.
- Discuss Figure 1.4 in the Learner's Book. Explain how traditional societies such as the Khoikhoi did not benefit from bartering with European settlers. This was because the settlers' commodities were of no real value to these indigenous people of South Africa. If you think your learners will be receptive, explain the power imbalance that this would have caused.
- Use the map in Figure 1.5 in the Learner's Book to explain the trans-Saharan trade. Encourage discussion about this trade route, and perhaps link it to how we live today in a globalised economy.
- Have a discussion about the importance of trust in the bartering of the trans-Saharan trade and other trade routes of this time. Let learners give their viewpoints about how they think this kind of trade would work today. Explain what a silent barter involves.
- Explain the disadvantages of bartering and how these led to the development of money.
- **Do Activity 1.2.**
- Move on to promissory notes. Use the bicycle example in the Learner's Book page 7 to introduce the concept to the learners. Explain what they are and why they are still useful today.
- If possible, bring some coins from other countries to the class for this lesson, or provide some pictures of coins of the world, both modern and ancient. Learners should enjoy the experience of handling foreign currency if you have access to some. Talk briefly about the names and values of the coins or pictures of the coins you show them.
- Explain that coins are currency. Ask for learners' input when you define currency. It is a term they would have heard but may not fully understand. If possible, access some information about the currencies of the world, their names and their relative values.
- Discuss early forms of currency with learners, such as shells and ivory. Explain why metal soon became the preferred material for currency and how standardised quantities of these metals developed into coins. Discuss the history of coins.
- Move on to a discussion of why paper money developed as a form of currency. Make sure that learners understand that paper money in itself has no real value – it represents value. The paper money is representative of the work you have done or the commodity you have sold.

- Work through Figure 1.9 in the Learner’s Book showing the timeline of the history of money. Spend some time discussing the events on the timeline with the learners. You may want to enlarge a copy of the timeline and display it on the board or the wall. You may also want to find pictures from the Internet, books and magazines to illustrate the timeline, as visuals will make the information more real to the learners.
- The timeline is duplicated here:



- **Do Activity 1.3.**



### Lesson 3

- Briefly revise the lessons on bartering, coins, promissory notes and paper money to introduce learners to electronic banking, in which physical money has all but disappeared.
- Consider using the photos in the Learner's Book page 12 as a starting point for your discussions. Encourage learners to engage with the photos and say what is happening in each one. Be sensitive to learners' different levels of exposure to technology such as smartphones and the Internet. If some learners are well-versed in this technology, encourage them to bring learners who are not as aware up to speed.
- Explain how electronic banking is safer than carrying cash, but that it can also be dangerous because of fraud and white-collar crime. If your learners have their own bank accounts with ATM cards, remind them to safeguard their PINs.
- Move on to the role of money. This section consolidates what you have covered so far in this topic. Make the links as you explain that money reflects how society has changed, from the time of traditional societies to modern times. Explain the role of money in urbanisation and the advancement of ideas and information. Make sure that the learners understand that money allows people to store the payment for their labour in a form that lasts for an indefinite time.
- Talk about the consumer economy. Encourage learners to see that such an economy is not always a sustainable way of living. Discuss some alternatives with them, getting their ideas and feedback. Use the photo in the Learner's Book page 13 as a starting point.
- Keep some time aside to discuss sustainability, using the example of cars and the petrol they need. Keep the discussion brief and simple at this stage – your aim is to encourage awareness of the concept and of unsustainable practices in modern society that shouldn't continue.
- **Do Activity 1.4.**

### Answers

#### » Activity 1.1

- 1. Discuss the differences between modern and traditional societies. Write notes about your discussion. *Middle order***  
Learners discuss modern and traditional societies in pairs. Make sure that discussions are respectful. Walk around the classroom during the discussions and encourage learners to elaborate on points they make in a way that goes beyond the Learner's Book text.
- 2. a. List five types of economic activity that would take place in a modern society. *Lower order* (5)**  
**b. List five types of economic activity that would take place in a traditional society. *Middle order* (5)**  
Learners give their own examples, such as banking activities ✓ and service provision ✓ in a modern society, and bartering trade of different kinds ✓, subsistence farming ✓ and animal husbandry ✓ in traditional societies.

3. **Would you want to live in a traditional society? Write a paragraph to explain your answer, giving at least three reasons. Higher order** (5)

Learners give their own examples. Encourage them to see the positive aspects of traditional societies and not to dismiss them out of hand for being unsophisticated. Make the point during their discussions, that traditional societies are more sustainable than modern ones in many ways.

✓✓✓ for reasons ✓ for spelling ✓ for grammar

4. **Compile your notes and answers into a brief report and present it to the class. Higher order** (10)

Learners collate their discussions into a well-structured report. Ensure that learners collaborate fairly and put equal effort into the report. The report should have an introduction, body and conclusion, and be neatly written with attention to spelling and grammar. If there is time, allow the pairs to present their reports to the class. During their presentations, encourage them to 'talk to' their reports and engage the class when they present their information, and not to just read them out.

✓✓✓✓✓ Report content; ✓✓ spelling, structure and grammar; ✓✓✓ effective presentation

## Activity 1.2

1. **Write a paragraph in which you describe bartering in your own words. Discuss an advantage and disadvantage of this kind of trading. Middle order** (5)

This activity gives learners the opportunity to demonstrate their understanding of bartering, by writing what they know in their own words. Make sure that they do not reproduce what is in the Learner's Book. Check for evidence that they have integrated their knowledge. Learners give an advantage of bartering: An early form of trading that farmers could use to exchange goods without using money; and a disadvantage: People can't always get what they want or need by bartering.

✓✓ definition of bartering; ✓ advantage; ✓ disadvantage; ✓ structure, spelling and grammar

2. **Do you think silent barter would work in modern societies? Give reasons for your answer. Higher order** (5)

Learners give their own opinions. Look for evidence of critical thought and depth of understanding. Accept any reasonable answers, especially those that diverge from your own perceptions. Learners could say, for example, that silent barter would not work in modern societies ✓ because modern transactions can be quite complicated ✓ and it would be difficult to work out the terms of the transaction without some form of communication. ✓ They could also say that silent barter would not work in modern societies ✓ because people would abuse the system ✓, for example, they would take the goods left for them and go away without leaving anything in return ✓; or they would take the goods and claim never

to have received them ✓; or leave something in return that is less valuable than what they took ✓. (any 5)

✓ for opinion, ✓✓✓✓ for justification of opinion

**3. Sometimes bartering takes place at school and at home.**

**Discuss some examples of bartering that you have seen or even taken part in. *Middle order*** (2)

Learners can make any suggestions, such as card exchanges (games etc.), swapping lunches, clothes, personal possessions, and so on.

(any 2)

» **Activity 1.3**

**Look at the timeline on the history of money in Figure 1.9 in the Learner's Book again. Now answer the questions.**

**1. Match each of the following captions to an entry on the timeline. *Middle order*** (12)

This activity requires learners to engage with and interpret a visual presentation of information in the form of a timeline.

**a. Livestock became the earliest form of money after people started keeping cattle and planting grain.**

9000–6000BCE: Livestock and crops are the earliest form of money. ✓

**b. The first banknotes were from China. They were leather banknotes made of white deerskin edged in colours.**

118BCE: First banknotes ✓

**c. The US went onto the gold standard.**

1880–1914: Most countries in the world base the value of their money on the gold standard. ✓

**d. The San of southern Africa fished, hunted animals and collected plants and berries to eat. The different groups would barter what they had with one another.**

20 000 years ago: People hunt, gather and barter. ✓

**e. The first paper money was used in China.**

806–821CE: First paper money ✓

**f. England went onto the gold standard. This means that the English currency represented a certain amount of gold stored in English banks.**

1816: England adopts the gold standard. ✓

**g. The earliest coins were made in China. They were cowrie shells made from stone, bone, clay, bronze and copper. The Chinese also used metal coins in the shape of knives and spades as money.**

1000–300BCE: Spade and knife money in use in China. ✓

**h. The first modern coins were lumps of silver and gold. They were first used in Turkey and later improved by the Persians, Greeks and Romans.**

640–269BCE: Gold and silver coins ✓

**i. Metal coins, paper, plastic and electronic money are in use.**

Today: money takes many forms, such as coins, paper, plastic and electronic. ✓

**j. Banking began in Mesopotamia (Iraq) when people would safely store their grain, cattle, farm tools and precious metals in temples and palaces.**

3000–2000BCE: Beginning of banking ✓

**k. Cowrie shells are the longest and most widely used currency in the world. China was the first to use cowrie shells as money. Places in Arabia and Africa also used shell money until quite recently.**

1500BCE–1950s: Shell money used in China, Arabia and Africa. ✓

**l. To fund the two World Wars, Britain went off the gold standard; the rest of the world soon followed.**

1931: Britain moves off the gold standard. ✓

**2. Write a short paragraph that describes how money developed and what we use it for. Your teacher will assess your paragraphs. *Middle order*** (12)

Learners use the timeline and the information in the Learner's Book page 10 to write their own paragraphs. Make sure that they show an understanding of the chronology and mention key events in the development of money.

(✓ for each of the 12 steps in Q.1.)

#### Activity 1.4

**1. How are sustainability and consumer spending linked?**

*Middle order* (7)

Consumer spending puts a lot of pressure on the environment because people consume, or use, more than they produce. ✓ This means they are using up materials faster than they can be provided ✓. Factories use raw materials or natural resources to produce things for consumers to buy. For example, more cars are made which means more petrol is needed to run them ✓. But there is a limited amount of petrol available in the world, and once it is used up, there is no more. What will happen to the cars then? ✓ Cars and the factories that make them also generate pollution and waste ✓. This makes environmental problems even worse ✓. So you can see that this focus of people on spending more and more money on consumer goods has become an unsustainable way of living. ✓

**2. Analyse how you think electronic banking has contributed to globalisation. *Higher order*** (4)

The role of money continues to be a medium of exchange and a store of value ✓. We are living in an economy that is called the consumer economy ✓. The consumer economy is an economy in which businesses encourage consumers to spend as much money as possible to buy their goods ✓. Electronic banking and globalisation makes consumer spending easier. ✓

**3. Draw a mind map to show the role that money played in urbanisation. *Lower order*** (5)

Learners draw their own mind maps. These show that: When people started trading goods for money, they gathered in certain

areas to make it easier for buyers and sellers to meet ✓. These areas became established markets ✓, where towns and eventually cities developed around them ✓.

(✓✓ for logical layout of mind map)

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

## Informal assessment

**Activity 1.1:** Observe how learners participate during discussions in their pairs. Take notes to help you remember how the learners performed.

Assess the learners using the following rubric: (7 × 5 = 35 max.)

The learners ...	1	2	3	4	5	6	7
1. showed an understanding of modern and traditional societies.							
2. discussed the differences between modern and traditional societies accurately.							
3. showed the ability to talk about different types of societies.							
4. produced a well-structured report with an introduction, body and conclusion, neatly written with attention to spelling and grammar.							
5. collaborated fairly and put equal effort into the report.							

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

**Activity 1.2:** Take in the learners' paragraphs and mark them. (5)

**Activity 1.3:** Take in the learners' paragraphs and mark them. (12)

**Activity 1.4:** Take in the learners' answers and mark them. (16)

## Consolidation

- **Write a paragraph that compares modern and traditional societies.**

A traditional society is a society in which communities use basic methods to hunt for and harvest food. Traditional societies lack technology and most of their activities are subsistence activities. This means that they use most of what they produce, and trade very little. These societies don't see much economic growth.

Traditional economies are mostly rural and agricultural, and the people who live in them are self-sufficient. This means that they don't rely on others for their survival.

A modern society is an industrialised society that uses technology to produce goods for trade. In a modern society, people have specialised skills and rely on other people with different skills to produce goods and provide services that they cannot make or provide for themselves.

- **Explain what commodities are. Give two examples.**

These are items that people use for trade, such as grain or wool.

- **The trans-Saharan trade is an example of bartering in traditional African societies. Explain the trans-Saharan trade.**

Between about the 8th and 16th centuries, countries in Asia and Europe traded with countries in Africa using trade routes that crossed the Sahara desert. Africa produced gold, salt, ivory and slaves. Europe and Asia produced fabrics such as silk, as well as beads and ceramics. African, European and Asian communities exchanged these commodities in a complex barter system.

Caravans of camels carried commodities across the Sahara from areas that are now Algeria, Libya and Egypt, to the part of West Africa that is now Ghana, Mali and Nigeria.

### Extension

**Do your own research on the consumer economy. Write notes to explain your findings and explain how these economies can be unsustainable.**

Learners research the consumer economy and its effects on the world's resources. They provide notes that demonstrate their understanding of the concept and of how a consumer economy and sustainability are sometimes at odds with each other.

## Topic 2

# Needs and wants

Learner's Book pages 15–23

Duration: 4 hours

### Term and week/s

Term 1, Weeks 4–5

### New words and concepts

needs; wants;  
primary needs;  
secondary  
needs; economic  
problem; factors of  
production

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about THE ECONOMY. They will look at:

- basic needs of individuals, families, communities and countries
- primary and secondary needs
- unlimited wants
- limited resources to satisfy needs and wants

## Resources

Consider finding pictures of goods and services from newspapers and magazines that you could use to distinguish needs from wants: pictures of luxury foods, such as chocolates and cooldrinks; staples, such as bread, water and maize meal; luxury goods, such as designer furniture and electronics (DVD players, iPads, iPods); sports cars; luxury homes; homes that offer basic shelter; clothing with desirable brand labels and basic clothing items that offer protection from the elements, such as clothes made from hides and skins.

Gather as many practical examples as possible to illustrate basic, primary and secondary needs.

You may want to provide large sheets of newsprint for learners to use for Activity 2.1.

Find newspaper and magazine articles, as well as Internet sources, that illustrate needs and wants and the economic problem. Find articles that show these concepts in the news and how they affect day-to-day life. An example is the problem of service delivery in South Africa – this issue is often in the news and could form an excellent starting point for a discussion about needs and wants.

## Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Gather and organise your articles and pictures for each section in this topic and plan how you will integrate them into your teaching.
- Although it is still near the beginning of the year and you may not know all of your learners well, anticipate the kinds of questions and mindsets you may need to deal with in this topic. For example, privileged learners may have different ideas of needs and wants than learners from less affluent backgrounds. Navigate these differences respectfully and sensitively.

## Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
4	4	24–25	2.1–2.3
5	5	25	2.4

## Lesson 4

- Use the opening illustrations and questions in the Learner's Book page 15 as a starting point for a discussion about what we need for survival and what we want.



- Allow the learners to talk about things they really want. At this age, the desire for things that make the learners feel accepted by their peers can be very strong. Avoid judging the learners for their wants, but help them to realise that wants and needs are very different and are context-based, as we see in the opening illustration. Make sure that learners from poorer homes are not excluded for the opinions they may express in your discussions.
- **Do Activity 2.1.**
- Work through the text in which needs and wants are defined in the Learner's Book page 17.
- Move on to the basic needs of individuals, families, communities and countries. Introduce the concept of a link between needs, wants and economic activity. Work through the list in the Learner's Book page 17 that explains how needs and wants affect communities.
- **Do Activity 2.2.**
- Move on to basic, primary and secondary needs. Have a class discussion about the different kinds of needs. Explain that not all needs are linked to our survival, such as food and shelter. As human beings, we have needs on many levels. Ask learners to talk about the needs they have that are not related to survival. They will probably mention their relationships with friends and family. Encourage them to discuss what they get from these relationships – love and support, for example. Explain that these needs are also important, and that to be the best we can be and to reach our full potential, we need to satisfy our needs on all levels.
- Teach the difference between basic or primary and secondary needs, using the text on pages 18–19 and photos in Figure 2.2 of the Learner's Book.
- **Do Activity 2.3.**

## Lesson 5

- Work through the text on unlimited needs and wants with limited resources in the Learner's Book pages 20–21.
- Explain that unlimited needs and wants, and limited resources, are what make up the economic problem. Explain the economic problem using the text in the Learner's Book pages 20–21. Talk about an economy's natural resources, the factors of production and the need to use these efficiently. Explain the two kinds of efficiency in the use of resources.
- **Do Activity 2.4.**
- Explain how primary and secondary needs and the economic problem are connected, using the text in the Learner's Book page 22. Make the point that as soon as we fulfil the level of primary needs, our secondary needs start to require fulfilling, so we are never really in a position in which all of our needs are met. This changing landscape of needs means that we always want more. However, individuals, families, communities and countries all have limited resources and we don't have enough resources to give us everything we need.

## Answers

### »» Activity 2.1

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1. **Talk about what you think the differences are between needs and wants. *Middle order* (observation-based)**

Move around the classroom, listening to the groups' discussions. Give guidance where necessary. Make sure that learners from different economic backgrounds are treating one another respectfully and that no judgements are being made.

2. **Study the following list and pictures in the Learner's Book.**

**Discuss which you think are wants, and which are needs.**

**Create a table of wants and needs to discuss in class. (22)**

*Middle order*

- access to medical care
- ice cream
- television
- cellphone
- clothes that protect you from the weather
- soccer boots
- clean fresh air
- bread
- vegetables
- meat
- alcohol and drugs
- blankets
- firewood
- air conditioning
- milkshakes
- clean water
- pizza
- toilets that are hygienic
- somewhere to wash daily
- a bathroom with a Jacuzzi and a shower
- someone to look after you
- large group of friends

Learners divide the list items into their own lists of wants and needs in a table. Have a class discussion about the lists. Moderate the discussion to ensure healthy exchanges and an atmosphere of tolerance. Make sure that wealthier learners do not ostracise or exclude less affluent learners, or vice versa.

(✓ for each correctly placed item)

» **Activity 2.2**

Assess learners using the rubric on page 29 . (7 × 5 = 35 max.)

- 1. Discuss the places you can go to in your community to get the things you need and want. For example, where does your family buy food? Where would you go to buy an MP3 player or cellphone? How many shops in your community sell stationery and books for school? *Lower order***

Learners' discussions will vary according to where they live.

- 2. Every community is different. For example, Muslim people do not drink alcohol. So, a bottle store will not make any money in a Muslim community. Assess how the people in your community make a living. How do your community's needs and wants affect the businesses in your area? *Higher order***

Learners' discussions will vary according to where they live and to the make-up of their communities.

- 3. Determine whether the people in your community spend more money on needs or wants. *Middle order***

Learners' discussions will vary according to where they live and to the economic situations of their communities.

- 4. If you and your partner come from different communities, investigate the differences between the needs and wants in your community and your partner's community. *Middle order***

If there are differences between the needs and wants in the communities, learners give their own perceptions of these differences.

> **Activity 2.3**

**Copy the table into your exercise book and complete it by listing five examples of your primary (basic) needs, and five examples of your secondary needs. (10)**

*Higher order*

Primary or basic needs	Secondary needs

Learners list their own examples of primary and secondary needs. Make sure that they have made the distinction between the two, and that they list primary or basic needs as things like food and shelter, and secondary needs as things like relationships, love and creativity.

(✓ × 5 for primary needs, ✓ × 5 for secondary needs)

## »» Activity 2.4

1. **Describe the economic problem, using your own words.**  
*Lower order* (3)

Learners use their own words to express the economic problem – a scarcity of resources ✓ to meet unlimited needs ✓ and wants ✓.

2. **Analyse the facilities available to people in your community, such as policing, healthcare, education and housing, and infrastructure such as roads and recreation areas. Briefly explain whether your community has enough facilities to satisfy its needs and wants. If you think some areas are lacking, give ideas on how to improve.** *Middle order* (10)

Learners give their own answers, which will vary according to service delivery track records in their communities. Ensure that group members from areas with different levels of service delivery can appreciate the points of view of others, and are tolerant of the attitudes of all group members.

(5 marks for analysis of facilities; 2 marks for explaining whether the community has enough facilities; 3 marks for ideas on how to improve facilities)

3. **Think about the capital available to the people in your community. From what you can see, investigate whether your community's local government has enough capital to provide your community with facilities that people need and want. Make suggestions on how capital can be used to serve your community.** *Higher order* (10)

Learners' answers will differ according to how well-resourced their communities are. Ensure that discussions are respectful and fair.

(5 marks for investigating whether local governments have enough capital; 5 marks for suggestions on how to make more capital available)

4. **Suggest some solutions to the economic problem in your community.** *Higher order* (5)

Learners provide their own suggestions. Encourage creative thinking and new perspectives. Accept any reasonable, well-considered answers. (✓ per answer)

5. **Present your discussion as a report to the class.** *Middle order* (5)

If there is time, allow learners to collate their discussion topics and present their discussions to the class. Limit the report-backs to five minutes each. Ensure that all group members contribute equally to compiling the report, and that as the class presentations progress, shyer learners also address the class.

(✓✓ notes on Q.2; ✓✓ notes on Q.3; ✓ notes on Q.4)

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

## Informal assessment

**Activity 2.1:** Make notes on how the learners contribute and interact during the group discussions. (observation-based)

**Activity 2.2:** Assess the learners using the following rubric: (7 × 5=35)

The learners ...	1	2	3	4	5	6	7
1. showed an understanding of needs and wants.							
2. discussed the needs and wants of their communities accurately.							
3. showed the ability to talk about diversity.							
4. had a respectful discussion that suspended judgement.							
5. showed a working knowledge of how their communities operate.							

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

**Activity 2.4:** Make notes on how the group discussions went and on how accurately the class presentations reflected what was said in the group discussions. (7 × 5 = 35)

The learners ...	1	2	3	4	5	6	7
1. showed an understanding of the economic problem.							
2. prepared a well-structured report with an introduction and conclusion.							
3. presented the report clearly, without just reading it out from their notes.							
4. shared the effort in writing the report and planning the presentation.							
5. completed the report on time and with a positive attitude.							

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

### Consolidation

- **Write a definition for needs and for wants.**  
Needs are things that people can't survive without. Wants are things that people would like to have, but don't have to have.
- **Give an example of a need and a want.**  
Learners give their own examples. An example of a need could be basic foods or shelter, and an example of a want could be a luxury car or a flat-screen television.
- **Define primary needs and secondary needs.**  
Primary needs are the physiological and safety needs that have to be met for people to survive. Secondary needs are needs on which our survival doesn't depend. They are psychological and self-fulfilment needs.

### Extension

**Analyse the secondary needs in your life. Write about whether you feel that you are reaching your full potential. If you feel that you aren't, consider how you think you could meet your secondary needs.**

Learners write about their secondary needs – needs that they can think about meeting because their basic needs are met. They write briefly about the role of relationships in their lives, and about what they do in areas of their lives to reach their full potential. They could use examples of the volunteer work they do, their involvement in community or religious structures, and the role of their friends and family in giving them support and advice. Make sure that they are able to analyse this difficult sphere of their lives thoughtfully, and can give valid suggestions for how they can reach their full potential, if they feel that they are lacking in this area.

### Formal assessment

For information on how to assess learners' assignments, controlled tests, case studies and projects, please see Section 3 of this Teacher's Guide.

# Formal Assessment Task 1: Assignment

Learner's Book page 24

Marks: 30

Learners do this assignment on their own.

## Unlimited needs and wants, and limited resources

**In Topic 2, you saw that people's basic needs must be satisfied for them to survive, and that they cannot think about meeting their secondary needs until their basic needs are satisfied. It is human nature for people to strive towards secondary needs. Human needs and wants keep increasing. When our basic needs are met, we move on to meeting our secondary needs. So, people's needs are unlimited, but their resources are limited. You saw that this is called the economic problem.**

**Write an essay in which you describe the economic problem in terms of production, which are inputs such as land, labour, capital and entrepreneurship. You can use your own needs, your family's needs, your community's needs or South Africa's needs as an example.**

Learners' essays include their own examples of personal, family, community and national needs. Their essays give the following basic information:

Individuals, families, communities and countries all have unlimited needs and wants. We all want more money, for example. Individuals want more money for things like food, clothing and luxury goods. Families want more money for a more comfortable lifestyle. Communities want more money for facilities, such as libraries and sports fields, and for services such as policing and healthcare. Countries want more money for stronger economies. However, individuals, families, communities and countries all have limited resources. We don't have enough resources to give us everything we need.

The problem of unlimited wants and limited resources is called the economic problem. The economic problem asks the question of how an economy's limited resources can satisfy people's unlimited needs and wants.

Learners consider what kinds of resources the economic problem refers to. The most valuable resources of any economy are natural resources of labour and capital. Labour means the capacity of the people of a country to work. Capital is the money that a country has for producing goods and services. Factors of production are the inputs

used to produce goods and services. They include labour, capital, land and entrepreneurship. If a country has limited production inputs, the question is what it should use those production inputs to produce, to satisfy the needs and wants of its citizens.

The economic problem and primary and secondary needs are connected. A very poor country that doesn't produce enough food to feed its people cannot use its capital to set up factories that produce luxury goods, for example. The country needs to satisfy its citizens' basic needs before it can think about providing luxury goods. It needs to invest in projects that will increase its agricultural output so that it is able to feed its people first.

Make sure that the essays are logically structured, with an introduction, body paragraphs with topic sentences and a conclusion. Essays should be neatly presented and show evidence of having been revised and edited through a rough draft to final stage. Spelling, grammar and punctuation should be correctly applied.

### Mark allocation

Learners' essay content is awarded a maximum of 20 marks. Award an additional 10 marks for layout, analysis, application and originality based on the following rubric.

The learners ...	Marks
structured the essay using an introduction, body paragraphs with topic sentences and a conclusion.	4
analysed the transition from primary to secondary needs.	2
applied the information learnt in a comprehensive and cohesive essay.	2
showed evidence of original thought.	2

(10)

Assess the essays using the following rubrics.

The learners ...	1	2	3	4
1. showed an understanding of the economic problem.				
2. described the factors of production.				
3. prepared a well-written essay that had an introduction, body paragraphs and a conclusion.				
4. completed the assignment with a positive attitude and on time.				
5. used an example from his or her experience.				

(20)



Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

## Topic 3

# Goods and services

Learner's Book pages 25–37

Duration: 4 hours

**Term and week/s**  
Term 1, Weeks 6–7

### New words and concepts

goods; services;  
primary sector;  
secondary sector;  
tertiary sector;  
producers;  
consumers;  
consumer goods;  
recycling

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about THE ECONOMY. They will look at:

- goods and services
- examples of goods and services
- producers and consumers
- the role of households as producers and consumers
- using goods and services efficiently and effectively
- how to recycle and reuse goods to satisfy needs and wants

## Resources

Gather pictures and examples of advertisements for different goods and services. Make a note of those businesses in your area that produce goods and those that sell services.

Gather examples of, and examples of advertisements for, businesses in the primary, secondary and tertiary sectors. Make a note of businesses in your area that belong to the different sectors.

Collect articles from newspapers, magazines and the Internet that deal with goods and services and the different sectors of the economy to share with learners.

Make notes about the recycling services in your area. Find out what can be recycled and where this can be done.

## Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Research recycling in your area. How popular is recycling in your area? Do businesses in your area recycle their waste?
- You may want to find statistics about the contributions of the different business sectors to the South African economy. See, for example: [http://www.mediaclubsouthafrica.com/index.php?option=com\\_content&view=article&catid=37:economy\\_bg&id=111:sa-economy-key-sectors](http://www.mediaclubsouthafrica.com/index.php?option=com_content&view=article&catid=37:economy_bg&id=111:sa-economy-key-sectors) and <http://www.southafrica.info/business/economy/sectors/>.
- Research recycling in South Africa in these places, for example: <http://www.recycling.co.za/> [http://www.wwf.org.za/act\\_now/green\\_living/recycle/](http://www.wwf.org.za/act_now/green_living/recycle/) and <http://www.sawic.org.za/documents/234.pdf>

## Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
6	6	34–35	3.1–3.3
7	7	35	3.4

## Lesson 6

- Start by showing some of your pictures of, and advertisements for, goods and services. Refer learners to the topic's opening illustration in the Learner's Book page 25. Read through the first paragraph of the topic. Talk about the differences between the kinds of goods and services that you have shown the learners.
- Guide them to an understanding of the differences between goods and services. Work through the Saturday morning example in the Learner's Book page 26.
- Work through the text on the primary, secondary and tertiary sectors in the Learner's Book pages 26–29 with the learners. Supplement this with the pictures of, and advertisements for, businesses in the different sectors that you have gathered.
- Give local examples, where applicable, of businesses in the different sectors.
- Discuss the fact that in poorer or less developed countries, more money comes from primary sector businesses and that in richer or more developed countries, more money comes from tertiary sector businesses. Encourage learners to consider what kind of country South Africa is in relation to the goods and services it provides.
- Stress the fact that the three sectors are interlinked and interdependent. Use the example of the flow chart in Figure 3.5 of the Learner's Book to show this.
- **Do Activity 3.1.**
- Talk about the examples of goods and services that learners would see around the school. Use the list in the Learner's Book page 30.

- **Do Activity 3.2.**
- Briefly recap the information you taught in Topic 1 about bartering and the development of currency. Remind the learners that services, and not only goods, can be exchanged for currency.
- Introduce the concepts of producers and consumers, using examples. Use the pictures you collected previously and ask the learners who produces and consumes the goods and services that the pictures illustrate. During this discussion, it should become clear that the line between consumers and producers can be difficult to draw. This is because households act as producers and consumers.
- Use the text and illustrations in the Learner's Book pages 32–33 to explain how this works. Link this content to Topic 2 by talking about how households own all of the factors of production.
- **Do Activity 3.3.**

## Lesson 7

- Recap what you taught in Lesson 6 on goods and services, and producers and consumers.
- Link the content on producers and consumers to the information you taught in Topic 1 on the consumer economy, by explaining consumer goods.
- Ask learners to give their opinions about the consumer economy. Discuss how consumer goods, being mass-produced, could give consumers the impression that they don't have to use them efficiently and effectively.
- Remind learners about the sustainability issues you discussed in Topic 1. Ask whether they think that when consumers or businesses use goods and resources wastefully, they are using sustainable practices. Learners should see that responsible, efficient and effective use of goods and services is good for the economy and for the environment.
- Work through the text and photographs on reusing and recycling goods to satisfy needs and wants in the Learner's Book pages 35–36. Emphasise the ways in which learners can contribute to recycling at school or at home.
- **Do Activity 3.4.**

## Answers

### » Activity 3.1

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Look at this list of typical South African businesses.

- **mining**
- **forestry**
- **wine**
- **shipping**
- **sugar**
- **construction**
- **meat**

- music
- clothing factories
- restaurants
- health spas
- hotels
- bed and breakfast establishments
- cars

State which sectors these businesses are in. Tabulate your answer.

*Middle order*

(14)

BUSINESS	SECTOR
mining	primary ✓
forestry	primary ✓
wine	primary ✓
shipping	secondary ✓
sugar cane (raw or unprocessed sugar)	primary
processed sugar	secondary ✓
construction	secondary ✓
meat	primary ✓
music	tertiary ✓
clothing factories	secondary ✓
restaurants	tertiary ✓
health spas	tertiary ✓
hotels	tertiary ✓
bed and breakfast establishments	tertiary ✓
cars	secondary ✓

### »» Activity 3.2

Look at the pictures in the Learner's Book. Analyse them and say whether they show goods or services. *Lower order* (9)

Learners use the illustrations to answer the questions.

1. a waiter serving a meal in a restaurant: services ✓
2. a hawker selling fruit on the side of the road: goods ✓
3. a nurse caring for a patient in a clinic or hospital: services ✓
4. a hair salon: services ✓
5. a pilot in a small airplane: services ✓
6. a cellphone: goods ✓
7. a bank teller: services ✓
8. a general dealer with basic foodstuffs: goods ✓
9. a call centre worker: services ✓

### »» Activity 3.3

1. Briefly describe what a producer is. *Lower order* (3)

Producers are people who use resources ✓ to make goods ✓ or provide services. ✓

2. **Briefly describe what a consumer is. *Lower order*** (3)  
Consumers are people who buy ✓ or use ✓ goods and services. ✓
3. **Define a household. *Lower order*** (8)  
A household is a place where one or more people ✓ live ✓, eat ✓, sleep ✓ and raise children ✓. It doesn't have to be a house – it can be a flat, a farm or an informal dwelling, for example ✓. The people who live there do not have to be family, even though most households are made of family groups ✓. A person who lives alone is also a household ✓.
4. **Explain why households are both producers and consumers. *Middle order*** (4)  
Households buy and consume goods and services. ✓ They also produce goods and services by selling their labour in exchange for income. ✓ So, they are called the basic unit of economic production and consumption. ✓ They are producers and consumers. ✓
5. **Explain why we say that households own the factors of production. *Middle order*** (3)  
Households own the factors of production because they provide businesses with the inputs that those businesses can use to produce goods and services. ✓ They also buy the products and services that the businesses produce. ✓ So, we say that they own the factors of production. ✓
6. **Assess the households in which you live. How many people live in them? How many people in your household sell their labour for an income? What kinds of things do the members of your household consume? *Higher order*** (6)  
Learners give their own answers. Make sure that the group discussion is respectful and that learners are sensitive to differences in income and structure in households.  
(✓✓ number of people who live in the household; ✓✓ no. of people who sell their labour for income; ✓✓ things that household consumes)

### »» Activity 3.4

1. **Make a list of some common goods and services that you use, such as clothes, food and transport services.** (6)  
Learners list items such as clothing (school uniform, sports clothes, casual clothes) ✓✓, food (bread, milk, maize meal, meat) ✓✓, bus or taxi fare ✓✓ or any other goods and services they use.
2. **Write down how often you replace the goods or purchase the services.** (3)  
Learners give answers such as: clothes get replaced every two years as they grow out of them ✓, food gets replaced every week as the family consumes it ✓, bus or taxi fare gets used every day ✓.
3. **Think of ways of using the goods and services more effectively and efficiently. For example, instead of buying new jeans if you stain your old ones, dye them another colour so that you can no longer see the stain. Write down your suggestions and present them to the class. *Middle order*** (5)

Learners give their own answers to these questions. Encourage group discussion for more creative answers. Make sure that the groups discuss the questions respectfully. Be sensitive to differences in economic status among the groups.  
(✓ for each appropriate suggestion)

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 3.1:** Observe the pair discussions and make notes about how well learners work together. (observation-based)

**Activity 3.2:** Observe the group interactions and make sure that all learners are participating and taking the discussion seriously. Make notes of your observations. (observation-based)

**Activity 3.3:** Observe the group discussions. Make sure that learners are receptive to one another's feedback and that they contribute equally to the discussion. (observation-based)

**Activity 3.4:** Take in the learners' answers and mark them. (14)

### Consolidation

- **Describe two ways in which households are consumers.**  
Learners give two examples of their own, such as households buy goods such as groceries and use services such as electricity. This makes them consumers.
- **Describe one way in which households are producers.**  
Learners explain that households 'sell' their labour to businesses. They get paid by businesses to do work that produces goods and services. This makes them producers of labour.
- **Explain how people can reuse and recycle goods to satisfy needs and wants.**  
People can reuse and recycle goods to satisfy needs and wants in the following ways:
  - Instead of throwing away goods that you no longer use, give them to people who need them and will use them or sell them to people who need them.
  - Instead of buying new goods such as electronics, cars and cameras, buy used goods. It's cheaper too!
  - Instead of replacing goods that are damaged or not working, have them repaired.

### Extension

**Research consumer goods as part of the consumer economy. Why do you think consumer goods make people feel that they can use goods inefficiently and wastefully? Consider how we could change people's attitudes towards consumer goods.**

Learners give their own strategies and do their own research into consumer goods. Encourage them to think about ways in which consumer attitudes towards resource use can be changed. Allow them to provide creative suggestions.

**Term and week/s**Term 1, Weeks  
8–10**New words  
and concepts**formal business;  
informal business;  
trading business;  
manufacturing  
business;  
service business;  
economically active**Curriculum and Assessment Policy Statement  
(CAPS) content**

In this topic, learners will learn about ENTREPRENEURSHIP. They will look at:

- formal and informal businesses
- types of businesses (trading, manufacturing and service) that are both formal and informal
- advantages and disadvantages of formal and informal businesses
- the role of formal and informal businesses as producers and consumers
- the effect of natural disasters and health epidemics on formal and informal businesses

**Resources**

Gather newspaper, magazine and Internet articles about formal and informal businesses in South Africa, as well as about developing and developed countries.

You may want to use pictures and news articles about the tsunami that struck Japan on 11 March 2011. Find statistics and reports on the effects of the tsunami on Japanese businesses.

For Activity 4.2, you may want to provide large sheets of newsprint for the learners to map out the advantages and disadvantages of formal and informal businesses.

Use statistics about epidemics such as HIV/Aids and its effects on formal and informal businesses in developing countries. You may want to compare the HIV/Aids statistics of developing countries to those of developed countries.

Research your area and find local examples of formal and informal businesses that you can point out to learners. Local examples will make the learning experience more effective and meaningful to them.

**Preparation**

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.

- Plan how you will integrate the resources you have collected into your teaching.
- As you prepare, make notes on the local examples you can use at specific points to make the content more accessible to the learners.
- To make teaching time more effective, you may want to set some reading for homework so that learners have thought about the content before you teach it. If you feel that your learners will not struggle with this, plan which sections are better suited to this preparation.

## Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
8	8	40	4.1
9	9	40–41	4.2
10	10	41–42	4.3

### Lesson 8

- Use the photos in the Learner’s Book page 38 as a starting point for teaching this topic. Discuss the differences between the two businesses. Have a discussion about what each shop sells. Encourage learners to see that they sell similar goods but on a different scale.
- Introduce developing and developed countries. Learners may be familiar with these terms but work through the text in the Learner’s Book page 39 to reinforce them.
- Discuss the photos of New York and Accra in Figure 4.2 in the Learner’s Book. Lead learners to identify which photo shows a developed country and which photo shows a developing country.
- Work through the text that links the types of economies to the types of businesses. Discuss the definitions of formal and informal businesses. Explain the concept of turnover.
- **Do Activity 4.1.**
- Move on to the text about trading, manufacturing and service businesses in the Learner’s Book pages 41–42. Link this content to the content you taught in Topic 3 about the three business sectors.
- Use the photos in Figures 4.3–4.5 of the Learner’s Book as starting points for discussions about the three types of businesses. Use the pictures and local business examples you have gathered to consolidate your teaching as well.

### Lesson 9

- Spend a few minutes revising what you covered in the last lesson about formal and informal businesses. Ask the learners questions about the content. You may even want to have a fun quiz, dividing the class into two teams and awarding points for correct answers. This should be fun for learners and make them alert and receptive to your teaching this week.



- Move on to the advantages and disadvantages of formal and informal businesses. Consider pre-empting your teaching by having a discussion in which you lead learners towards discovering the advantages and disadvantages by themselves.
- You may want to use large sheets of newsprint displayed on the board or the wall for this section. Invite learners to come up to the front of the classroom and add their ideas to the newsprint sheets. Use different coloured pens for each category: advantages of formal businesses, disadvantages of formal businesses, advantages of informal businesses and disadvantages of informal businesses.
- Use the mind maps in Figures 4.6 and 4.7 of the Learner's Book to summarise these sections.
- Also integrate some of your pictures and news articles into your teaching this week.
- **Do Activity 4.2.**
- Discuss the content in the Did you know? section with the learners.
- Move on to discuss the role of formal and informal businesses as producers and consumers. Briefly revise the content you taught in Topic 3 about the role of households as producers and consumers. Introduce the businesses from which households buy and to which households supply their labour and capital. Make sure the learners understand these concepts very well or they will struggle with the circular flow in Grade 9. Use the simple diagram based on the simplified circular flow diagram in Figure 4.8 of the Learner's Book to aid your teaching.
- Work through the example of how schools are also producers and consumers.

## Lesson 10

- This week you will conclude Topic 4 and Term 1's content by looking at the effect of natural disasters and health epidemics on formal and informal businesses.
- Use the news articles and pictures you have collected about the tsunami of 11 March 2011 to illustrate what you teach this week. Show learners the physical destruction of homes, businesses and entire towns and villages. Talk about the effects that such a disaster would have on a country's economy.
- Work through the text in the Learner's Book pages 47–48 with learners and use your own examples and pictures to supplement the text.
- Introduce the section on the effect of health epidemics on formal and informal businesses by having a discussion about HIV/Aids. Ask learners what they know about this disease, and use the lesson as an opportunity to consolidate HIV/Aids facts.
- Ask learners how they feel when they are sick and have to do homework or study for tests and exams. Discuss how unproductive people are when they are ill. Ask learners if they have ever been ill enough to have missed school for more than a few days. Talk about how easy it is to fall behind in their work

and how difficult it can be to catch up. Explain that it works this way in businesses too. Working hours are lost to the business and others need to step in and do the work that sick people miss. If the sick person runs an informal business, it may not be possible to earn any money at all if he or she is ill.

- Then discuss the ramifications of HIV/Aids having no known cure, and that generally sufferers get progressively more ill. Give the infection rate among South Africans, and lead the learners to a discussion about how much productivity is lost when employees and business owners are ill. Talk about the effects of this on the country's economy.
- Work through the list in the Learner's Book pages 48–49 and the statistics in Figure 4.10 of the Learner's Book, to conclude.
- **Do Activity 4.3.**

## Answers

### › Activity 4.1

Which of the following businesses do you think are formal or informal businesses? Complete the table by placing a tick in the correct column for each business. *Middle order* (7)

Business	Formal	Informal
Curio stall at a flea market		✓
Car repair workshop with 20 employees	✓	
Vodacom or MTN cellphone shop in a shopping centre	✓	
Fast-food caravan near a building site that sells food to the construction workers		✓
Catering company that caters for weddings	✓	
Art gallery	✓	
Jewellery shop	✓	

### ›› Activity 4.2

Julian loves working with gardens and wants to study landscaping after school. To make some extra money, he has started a small garden service as an informal business. He services three gardens per week on weekdays, two gardens on Saturdays and one garden on Sundays. His father helped him to build a trailer for his bicycle that carries his gardening tools.

Learners give their own answers to these questions, but you can use the guidelines below to assess their answers.

**1. List two advantages of informal businesses that apply to Julian's business. *Middle order*** (2)

(Any 2)

- Julian is learning to run a business in an inexpensive way. ✓
- He does not have to pay tax so he can keep the profits. ✓
- His business is cheap to run. ✓
- He didn't have to spend a lot of money to start the business. ✓

**2. Name four other advantages of informal businesses. *Middle order*** (4)

(Any 4)

Other advantages include:

- The business provides jobs. South Africa has a high unemployment rate, and the formal sector isn't able to provide enough jobs for the unemployed. ✓
- The informal sector helps to alleviate poverty by giving informal business owners an income. ✓
- Informal businesses are easy to set up because they are small. You don't need a lot of capital to start an informal business. ✓
- Many informal businesses are cheap to run because they don't have formal premises for which rent needs to be paid, for example. ✓
- They contribute to the economy because the people who run them are generating an income. ✓
- People who run informal businesses learn a lot about running a business. They could use this experience to start a business in the formal sector if their informal businesses are successful enough. ✓

**3. Explain the disadvantages of Julian's informal business. *Middle order*** (2)

Learners list their own disadvantages, which should include:

- Julian doesn't pay tax, so he doesn't contribute towards the costs of running the country. ✓
- The government doesn't monitor or regulate informal businesses, so Julian could be using practices, such as pesticides, that are dangerous or illegal. ✓

**> Activity 4.3**

**1. Japan is a highly industrialised country that produces electronic goods and cars that are exported all over the world. The tsunami that struck Japan on 11 March 2011 destroyed many factories. Write a brief report of no more than half a page, explaining how you think this would affect formal and informal businesses in Japan and other countries that import Japanese goods. *Higher order*** (10)

Learners give their own responses. They should mention that informal businesses in Japan rely on formal businesses ✓ because without salaries from formal businesses, people cannot purchase goods and services from smaller informal businesses ✓. Formal businesses would suffer because of the destroyed infrastructure

and the huge costs of rebuilding factories ✓. They also suffer because of the downtime they experience while infrastructure is being rebuilt ✓. Many formal and informal businesses around the world rely on a flow of goods from industrialised nations like Japan ✓. These businesses suffer when their stock's manufacturing processes are interrupted ✓.

(✓✓✓✓ report structure, spelling, punctuation and grammar)

2. **Suppose your community was struck by a new flu virus. To prevent the spread of the virus, the people in your community are only allowed to leave their houses for trips to the supermarket or the doctor. Write a brief report of no more than half a page describing how you think this would affect the formal and informal businesses in your community. Give examples to substantiate your answer. *Higher order*** (10)

Learners give their own answers. Look for evidence of critical thought and the ability to analyse the variables in a given situation. They could make some of the following points, for example:

- Some formal businesses, such as pharmacies, pharmaceutical companies, hospitals and doctors' practices, would benefit from the virus because people would need medical care and would spend more money on it. Learners name the local formal businesses that would be affected positively. ✓✓
- Other formal businesses, such as restaurants, shops in shopping malls, cinemas and shops that sell non-essential items such as fashion clothing, would be affected negatively because people would focus on their health, and would not be leaving their homes to gather in public places where the virus could spread more easily. Learners name the local formal businesses that would be affected negatively. ✓✓
- Some informal businesses would be flexible enough to adapt to the flu virus. For example, traditional healers and food vendors could move around the community and position themselves on the routes that people take to the doctor or supermarket, increasing their volume of trade. Learners name specific local informal businesses that would be affected positively. ✓✓
- Other informal businesses, such as taxi drivers, would be affected negatively because people would not be allowed to move away from their communities and would not be travelling to work. Learners name specific local informal businesses that would be affected negatively. ✓✓

(✓✓ logical arrangement of points into report format)

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

## Informal assessment

**Activity 4.1:** Take in the learners' tables and mark them. (7)

**Activity 4.2:** Observe the groups while they have their discussions. Make notes about how each learner performed and contributed. (observation-based)

## Consolidation

- **Explain why it is bad for a business for its employees to be affected by a health epidemic such as HIV/Aids. Name three effects of epidemics like this on informal and formal businesses.**

Learners mention any three of the following:

- Informal businesses often consist of just one person. If that person is sick, he or she cannot work, and cannot support himself or herself or his or her dependants.
- Even if an employee of a formal business is not sick, someone in his or her family may be. This means that the employee needs to care for the infected person. This stressful and time-consuming role may decrease the employee's productivity at work.
- Households who are caring for an infected person have high medical costs. They cut back their spending on other goods and services so that they can afford to buy the medicines they need to treat the infected person. For example, they will reduce their spending on groceries, clothing and electronics to be able to afford to care for the infected person. This affects the formal and informal businesses in areas with high HIV infection rates.
- Households with an infected person often use up their savings to care for the infected person. The savings that would have been invested in a bank to contribute towards the country's economic growth are no longer available.
- Government spending on healthcare increases, which means that spending in other areas of economic growth has to decrease.
- When an infected worker who is skilled and experienced in his or her job stops working or dies, the business loses those skills and has to spend time and money to train a new worker.
- Sick workers are not productive because they are not well enough to work. They are frequently off sick, which decreases businesses' productivity.
- For formal businesses that offer their employees medical aid cover, the increased medical costs mean that medical cover for everyone needs to increase. Increased medical aid costs mean that households need to cut back their spending in other areas, affecting the formal and informal businesses in these areas.

- **What is a manufacturing business? Give an example.**  
Manufacturing businesses are businesses that make money from manufacturing or making goods. Examples of manufacturing businesses are car manufacturers, cellphone factories, furniture manufacturers, clothing manufacturers and watchmakers. These businesses generally sell their goods to retailers. They usually don't sell their goods directly to customers. For example, you buy clothing from a clothing shop and not from the factory where the clothes were manufactured. An example of an informal manufacturing business is a roadside stall that sells traditional carvings.
- **Define turnover.**  
This is a business's revenue – the money that it makes in a specific period.

### **Extension**

**Research businesses in your area. List five businesses that you think are informal businesses and five that you think are formal businesses. Explain why you categorised the businesses as you did.**

Learners use local businesses as examples. They research the businesses by talking to the business owners, if possible, or by finding information about the businesses from local business leaders. They explain why they have categorised the businesses as formal and informal.

# Revision Term 1

Learner's Book pages 51–56

- Before doing this term's revision, review all the topics in this term.
- Refer learners to the Study and Exam skills section at the end of the Learner's Book.
- Learners complete this activity on their own. This way they will see which sections they need to revise again.

## Topic 1: The history of money

### Activity 1: Revise how money developed through history

#### 1.1 Describe the type of money that was used in the period

9000–6000BCE. *Lower order* (2)

Livestock ✓ and crops ✓

#### 1.2 Briefly explain the term electronic banking. (10) *Lower order*

Electronic banking is the latest development in the history of money. ✓ It involves using the Internet ✓, cellphones ✓, automatic teller machines (ATMs) ✓, debit cards ✓, credit cards ✓ and electronic funds transfers (EFTs) ✓ for financial transactions. When you use electronic banking, you can move money around without dealing directly with coins or paper money, or tellers at the bank. ✓ Electronic banking is a safe way of handling money ✓ because people do not have to carry cash. ✓

#### 1.3 Write a paragraph describing the role of money in society today. *Middle order* (8)

Money allows people to store the payment for their labour ✓ in a form that lasts for an indefinite time. ✓ This way, they can choose to use this payment in any way. ✓ The role of money continues to be a medium of exchange ✓ and a store of value. ✓ We are living in an economy that is called the consumer economy. ✓ The consumer economy is an economy in which businesses encourage consumers to spend as much money as possible to buy their goods. ✓ Electronic banking and globalisation makes consumer spending easier. ✓

#### 1.4 Describe consumer spending in your own words. (3)

*Middle order*

Consumer spending is the money that is spent by households ✓ on purchasing consumer goods ✓ that are produced for the mass market. ✓

#### 1.5 Briefly define the term representative money. *Lower order* (2)

Representative money is money such as paper money ✓, which represents the money you have in the bank. ✓

#### 1.6 Coins were an early form of currency. What is a currency, and why are coins considered currency? *Lower order* (8)

Currency is a medium of exchange. ✓ It represents or stands for commodities. ✓ Because metal lasted long and had value, ✓ traders started to use metals such as gold, silver and copper as

currency. ✓ Traders exchanged standardised quantities of these metals for commodities. ✓ These standardised quantities soon developed into coins. ✓ Coins were stamped ✓ to show that they were the correct weight and value. ✓

**1.7 Discuss the reasons why paper money developed.** (2)

**Lower order**

Coins were heavy and difficult to carry on long trade routes. ✓

Paper money was more practical. ✓

**Activity 2: Revise promissory notes**

**2.1 'A promissory note is a private version of a bank loan.'**

**Explain this statement using your own words. Middle order** (6)

Promissory notes are legally binding notes that buyers use to promise sellers unconditionally ✓ that they will pay specific amounts of money within a specific time. ✓ A promissory note is a private version of a bank loan ✓ because it declares that the person who issues the note has borrowed money from a private organisation or individual that is not a bank. ✓ Just like bank loans, promissory notes can also specify an interest amount on the loan. ✓✓

**2.2 Explain why promissory notes were useful to traders who worked on trading routes. Lower order** (2)

They were useful to traders because using them meant that traders didn't always have to carry large sums of money in the form of heavy, bulky coins. ✓ Trading routes stretched over very long distances, so transporting the coins safely was also an important consideration. ✓

**2.3 When were the first promissory notes used? Lower order** (3)

Promissory notes date back to the 8th century ✓ when they were used by the Chinese during the Tang dynasty. ✓✓

**Activity 3: Revise the barter system**

**3.1 Traditional societies were limited because their environments restricted what they could produce. Explain this statement using an example. Middle order** (4)

Example: A sheep farmer in the Karoo has lots of wool and mutton, but very little timber, because trees do not grow naturally in the Karoo. ✓ A woodcutter in the Knysna area has lots of timber, but the forests in the area make it difficult to find good grazing for livestock. ✓ Each farmer has something that the other wants. ✓ So, the sheep farmer could trade some sheep for timber to use for building structures and making fires. ✓

**3.2 Describe how bartering helped to overcome the limitations in Question 3.1. Middle order** (3)

The farmers could exchange their produce ✓ in a form of trade that didn't involve money ✓ – they could barter. ✓

**3.3 Write a definition of bartering. Lower order** (3)

Bartering is a form of trade ✓ in which people exchange goods ✓ without money. ✓



**3.4 Provide a brief description of commodities. Lower order (2)**

These are items that people use for trade. ✓✓

**3.5 Explain why trust was an important part of the barter system.**

*Lower order (3)*

Trust was an important part of the barter system. ✓ Often, along these routes, the trans-Saharan trade route in particular, the trading parties didn't speak the same language. In a kind of barter called silent barter, one party would leave their commodities, such as salt or gold, in a specific place. ✓ The other party would collect these goods, leave their own goods, and complete the trade without a single word being exchanged. ✓

**3.6 State what silent barter is. Lower order (4)**

This is a kind of barter in which traders exchanged commodities ✓✓ without speaking or interacting with each other. ✓✓

**3.7 Discuss the disadvantages of bartering. Middle order (5)**

People can't always get what they want or need by bartering. ✓ For example, your neighbours might not want your extra eggs because they have their own chickens. If you are bartering food, you can't store it for long periods. ✓ Also, you would keep your best crops or livestock for yourself and only trade what you didn't need. These commodities might not be the best quality, so people might not want them. ✓ And how do you determine how much timber, for example, equals the value of ten sheep? ✓ The disadvantages of the barter system eventually led to the development of money as a trading currency. ✓

## **Topic 2: Needs and wants**

### **Activity 4: Revise types of needs and wants**

**4.1 Explain the difference between needs and wants. (4)**

*Lower order*

You can survive without things you want, ✓✓ but you cannot survive without things you need. ✓✓

**4.2 Write a short paragraph describing primary and secondary needs. Middle order (15)**

Basic or primary needs are the physical needs ✓ of food, water, warmth or shelter and rest, ✓ and safety needs (security and safety) ✓. If these needs are not met, people cannot survive. ✓ Once people's basic needs have been met, they can focus on their secondary needs. ✓ So, basic or primary needs are the most important needs. People cannot meet their secondary needs if their basic needs have not been met. ✓ Secondary needs are needs on which our survival does not depend. ✓ Although these are an important part of human development, they are not essential to our survival. ✓ So, they are also called wants. ✓ Once we have provided for our basic needs and there is enough left to spend, we can look after our secondary needs or wants. ✓ This constant desire to achieve a lifestyle to satisfy both our needs and our wants is what drives us to achieve. ✓ We work hard; we aim for a promotion; we study hard to qualify so that we can earn a bigger

salary. ✓ We need food and shelter, but we want to reach our full potential. ✓ We constantly try to improve ourselves so that we can satisfy those needs and are able to satisfy more wants. ✓✓

**4.3 Give three examples of basic needs and three examples of secondary needs. *Middle order*** (6)

Basic needs: food, shelter, water, rest (any 3) ✓✓✓

Secondary needs: working hard towards a promotion; studying hard to improve ourselves; buying the luxury good we want (any 3) ✓✓✓

**4.4 Explain why primary needs are more important than secondary needs. *Lower order*** (3)

People cannot meet their secondary needs if their basic needs have not been met. ✓ For example, you cannot focus on your studies if you don't have enough food to eat or if you are living in a very unsafe place such as a war zone. So, basic needs are the most important needs. ✓ Primary needs are the basis for meeting secondary needs. ✓

**Activity 5: Revise unlimited needs and wants and limited resources**

**5.1 Describe why people's needs and wants are unlimited but their resources are limited. *Middle order*** (8)

Individuals, families, communities and countries all have unlimited needs and wants. ✓ We all want more money, for example. Individuals want more money for things like food, clothing and luxury goods. ✓ Families want more money for a more comfortable lifestyle. ✓ Communities want more money for facilities ✓ such as libraries and sports fields, and for services such as policing and healthcare. ✓ Countries want more money for stronger economies. ✓ However, individuals, families, communities and countries all have limited resources. ✓ We don't have enough resources to give us everything we need. ✓

**5.2 People's unlimited needs and wants and limited resources create a problem. Name this problem. *Lower order*** (2)

It is called the economic problem. ✓✓

**5.3 What kinds of resources are limited in the problem you named in Question 5.2? Describe each one briefly. *Middle order*** (8)

Labour is all the people of a country's capacity to work. ✓✓

Capital is the money that a country has for producing goods and services. ✓✓ Natural resources are things like timber, water sources, coal, oil and metals such as gold. ✓✓ In economics, a country's natural resources of labour and capital are called the factors of production. ✓✓

**5.4 List the factors of production. *Lower order*** (4)

The natural resources of labour ✓, capital ✓, land ✓ and entrepreneurship ✓ that an economy uses to produce goods and services.

**5.5 Explain the link between primary and secondary needs and the economic problem. *Middle order*** (5)

If a country has limited factors of production, it needs to choose what it produces with those factors of production very carefully ✓ to best satisfy its citizens' needs and wants. ✓ A very poor country that doesn't produce enough food to feed its people cannot use its capital to set up factories that produce luxury goods, for example. ✓ The country needs to satisfy its citizens' basic needs before it can think about providing luxury goods. ✓ It needs to invest in projects that will increase its agricultural output so that it is able to feed its people first. ✓

**Topic 3: Goods and services**

**Activity 6: Revise goods and services**

**6.1 Describe the three different sectors of business. Give examples of each. *Lower order*** (15)

Businesses in the primary sector are in the rural areas. ✓ These businesses make up the first layer of the economy. People use the land in this sector. ✓ They produce raw materials which will be used exactly as they are, or sent to the secondary sector to produce goods. ✓ Some activities in the primary sector are farming, fishing, forestry, mining and hunting and gathering. ✓ They produce goods that you can see and touch. ✓

Businesses in the secondary sector are just outside the towns. ✓ This is the second layer of the economy. People use raw materials from the primary sector to process or manufacture things people can use. ✓ These are industries ✓ and some examples are factories, ship-building yards and aeroplane construction plants, and anything to do with building, engineering and working with metals. ✓ These businesses also produce tangible goods. ✓

Businesses in the tertiary sector are inside the towns. ✓ This is the third layer of the economy. People offer goods produced in the secondary sector ✓ or services to the general public in this sector. ✓ Some of these goods and services are schools for education services, hospitals for healthcare services and banks for money management services. ✓✓

**6.2 Define the type of businesses where most of the money in poorer countries is generated from. *Lower order*** (1)

In poorer countries, most of the money comes from the primary sector. ✓

**6.3 Explain the relationship between the three sectors of businesses. *Middle order*** (5)

The tertiary sector needs goods from the primary sector. ✓✓ This is because the tertiary sector uses what the secondary sector manufactures. ✓ So, if one sector breaks down, the other two sectors cannot work properly. ✓✓

## Activity 7: Revise producers and consumers

### 7.1 What is the difference between producers and consumers in an economy? *Middle order* (2)

Producers use resources to make goods or provide services for consumption. ✓ Consumers buy or use these goods and services. ✓

### 7.2 Households play the role of producers and consumers in an economy. Explain this statement, using examples. *Middle order* (5)

Households buy and consume goods and services. ✓ They also produce goods and services by selling their labour in exchange for income. ✓ For example, suppose your mother is a teacher. She provides her teaching services to the school at which she works, which makes her a producer. But she also buys goods such as groceries and clothing, and services such as healthcare and electricity. This makes her a consumer. ✓ So, people are both producers and consumers. ✓ They use their resources to produce goods and services but they also consume the goods and services that others produce. ✓

### 7.3 Explain why households are called the basic unit of economic production and consumption. *Lower order* (2)

Households buy and consume goods and services. ✓ They also produce goods and services by selling their labour in exchange for income. ✓ So, they are called the basic unit of economic production and consumption.

### 7.4 Describe what it means that households own the factors of production. *Middle order* (4)

Households own all of the factors of production because they consume the goods that businesses produce. ✓✓ They also sell their labour to businesses so that businesses can use it to produce goods and services. ✓✓

## Activity 8: Revise using and recycling goods and services

### 8.1 Define consumer goods. *Lower order* (5)

Consumer goods are goods that businesses manufacture for the mass market. ✓✓ They are goods that most people want, ✓ use ✓ and can afford. ✓

### 8.2 Briefly describe what the mass market is. *Lower order* (2)

The mass market is the market for goods that are produced and sold in very large quantities. ✓✓

### 8.3 Explain why consumers need to use the goods and services they buy efficiently and effectively. *Middle order* (6)

Because consumer goods are available so widely, it may seem that consumers don't have to use them efficiently and effectively. ✓ However, it's important for households to use goods and services efficiently and effectively because as consumers they are paying for those goods and services. ✓ Consumers need to make sure that they are not wasting their money by using what they buy ineffectively. ✓✓ For example, if you buy a camera and don't

look after it properly, the camera may break. You will need to spend more money on replacing it. This is money that you could have saved. We also need to use goods efficiently and effectively to ensure that the resources we use to produce them are used responsibly. ✓✓

**8.4 Give some examples of how consumers can recycle and reuse goods to satisfy needs. *Middle order*** (3)

People can reuse and recycle goods to satisfy needs in the following ways:

- Instead of throwing away goods that you no longer use, give them to people who need them and will use them or sell them to people who need them. ✓
- Instead of buying new goods such as electronics, cars and cameras, buy used goods. It's cheaper too! ✓
- Instead of replacing goods that are damaged or not working, have them repaired. ✓

## **Topic 4: Businesses**

### **Activity 9: Revise formal and informal businesses**

**9.1 Define a formal business. *Lower order*** (4)

A business that pays tax, ✓ is monitored ✓ and regulated ✓ by the government. ✓

**9.2 Define an informal business. *Lower order*** (4)

A business that is not taxed, ✓ and is not monitored ✓ or regulated ✓ by the government. ✓

**9.3 Give two examples of an informal business and two examples of a formal business. *Lower order*** (4)

Informal businesses: spaza shop, flea market stall (any 2) ✓✓

Formal businesses: supermarket, restaurant chain (any 2) ✓✓

**9.4 Explain the difference between a developing country and a developed country. *Lower order*** (8)

A developing country is a country whose industry and economy is still developing ✓✓ and whose citizens have low average incomes ✓ and standards of living. ✓

A developed country is a country that is industrialised and technological, ✓✓ where average incomes and standard of living are high. ✓✓

**9.5 State the average percentage of people in developed countries who run informal businesses. *Lower order*** (1)

About 70 per cent ✓

### **Activity 10: Revise trading, manufacturing and service businesses**

**10.1 Write a paragraph to describe trading, manufacturing and service businesses. *Middle order*** (12)

Trading businesses are businesses that make money from trading, or selling, goods. ✓ Examples of trading businesses are supermarkets, jewellery shops, clothing stores, car dealers and shops that sell electronics such as computers and cameras. ✓

These businesses sell their goods to retailers or to customers. ✓

An example of an informal trading business is a flea market stall that sells soccer merchandise. ✓

Manufacturing businesses are businesses that make money from manufacturing or making goods. ✓ Examples of manufacturing businesses are car manufacturers, cellphone factories, furniture manufacturers, clothing manufacturers and watchmakers. ✓ These businesses generally sell their goods to retailers. They usually don't sell their goods directly to customers. ✓ For example, you buy clothing from a clothing shop and not from the factory where the clothes were manufactured. An example of an informal manufacturing business is a roadside stall that sells traditional carvings. ✓

Service businesses are businesses that make money from selling services. ✓✓ Examples of service businesses are computer repair shops, car rental businesses, hotels, doctors and cleaning services. ✓ An example of an informal service business is someone who cuts hair in her home. ✓

**10.2 Can informal businesses be trading, manufacturing and service businesses as well as formal businesses?**

**Use examples to substantiate your answer. Middle order (4)**

Yes ✓: An example of an informal trading business is a flea market stall that sells soccer merchandise; ✓ an example of an informal service business is someone who cuts hair in her home; ✓ an example of an informal manufacturing business is a roadside stall that sells traditional carvings. ✓

**Activity 11: Revise the advantages and disadvantages of formal and informal businesses**

**11.1 Tabulate the advantages and disadvantages of formal and informal businesses using the framework below. (21)**

*Higher order*

Business type	Advantages	Disadvantages
Formal business	<ul style="list-style-type: none"> <li>• They have access to bigger markets, which allows them to grow and become more profitable.</li> <li>• They have access to more credit, which protects them if the business has financial problems.</li> <li>• They have access to legal support as legal entities.</li> <li>• They create far more jobs than informal-sector businesses, which is good for the economy.</li> <li>• They make huge contributions to the costs of running the country through the taxes they pay.</li> <li>• Their economic activity contributes to the economy significantly.</li> <li>• They are regulated by the government, so their customers trust that their goods and services are safe and legal.</li> </ul>	<ul style="list-style-type: none"> <li>• They are expensive to set up.</li> <li>• They are expensive to run.</li> <li>• Owners have to pay tax, so they cannot keep all of their profits.</li> <li>• It is a lot of work, and often very expensive, to comply with government regulations.</li> <li>• They require lots of skill and training to run successfully.</li> </ul>

Business type	Advantages	Disadvantages
Informal business	<ul style="list-style-type: none"> <li>• The business doesn't pay tax on very low income, so the owner keeps the small profits.</li> <li>• The business provides jobs. South Africa has a high unemployment rate, and the formal sector isn't able to provide enough jobs for the unemployed.</li> <li>• The informal sector helps to alleviate poverty by giving informal business owners an income.</li> <li>• Informal businesses are easy to set up because they are small. You don't need a lot of capital to start an informal business.</li> <li>• Many informal businesses are cheap to run because they don't have formal premises for which rent needs to be paid, for example.</li> <li>• They contribute to the economy because the people who run them are generating an income.</li> <li>• People who run informal businesses learn a lot about running a business. They could use this experience to start a business in the formal sector if their informal businesses are successful enough.</li> </ul>	<ul style="list-style-type: none"> <li>• The business usually doesn't pay tax, so the owner doesn't contribute towards the costs of running the country.</li> <li>• The government doesn't monitor or regulate informal businesses, so they could be using practices that are dangerous or illegal. For example, an informal business could sell stolen goods, which encourages crime. As another example, formal businesses in certain industries, such as the food, construction and healthcare industries, have to maintain safety standards to be allowed to do business. If they don't maintain these standards, the government can shut them down. These standards make sure that the industries' goods and services are safe. The HACCP standards, for example, protect consumers by making sure that businesses in the food industry don't sell contaminated food. If you buy food from an informal business that doesn't have to maintain these standards, you could get sick.</li> </ul>

(Each bullet is allocated one mark.)

11.2 **'South Africa struggles with high unemployment and poverty today, partly because black South Africans were denied access to the formal sector during apartheid.'**

**Explain this statement. *Middle order***

**(8)**

The formal sector produced goods for white South Africans, ✓ who were the economy's main consumers. ✓ One of the challenges that South Africa faces today is to connect the informal sector to the formal sector. ✓✓ The Broad-Based Black Economic Empowerment (BBBEE) initiative ✓✓ aims to give black South Africans a greater share of businesses in the formal sector. ✓✓

### **Activity 12: Revise the role of formal and informal businesses as producers and consumers**

12.1 **Write a paragraph explaining how informal and formal businesses can be producers as well as consumers.**

**Use a diagram to explain your paragraph further.**

**(10)**

***Middle order***

Formal and informal businesses are producers and consumers. Households produce the factors of production ✓ and consume businesses' goods and services. ✓ Formal and informal businesses consume the factors of production ✓ and produce goods and services for households to consume. ✓



Learners use a diagram similar to the one in the Learner's Book page 46.

**(Allocate 6 marks to learners' diagrams for content, neatness and accuracy.)**

**12.2 Complete the following sentence: Formal and informal businesses \_\_\_\_\_ the factors of production and \_\_\_\_\_ goods and services for households to purchase.**

**(2) Lower order**

consume; ✓ produce ✓

**Activity 13: Revise the effect of natural disasters and health epidemics on formal and informal businesses**

**Read the following extracts and answer the questions.**

### **Extract 1: Agriculture in South Africa**

South Africa has a dual agricultural economy: a well-developed commercial sector and a predominantly subsistence sector. About 12% of the country can be used for crop production. High-potential arable land comprises only 22% of total arable land. Some 1,3 million hectares (ha) are under irrigation. Agricultural activities range from intensive crop production and mixed farming to cattle ranching in the bushveld, and sheep farming in the more arid regions.

Primary agriculture contributes about 2,5% to the gross domestic product (GDP) of South Africa and about 8% to formal employment. However, there are strong linkages into the economy, so that the agro-industrial sector comprises about 12% of GDP.

Maize is the largest locally produced field crop and the most important source of carbohydrates in the Southern African Development Community (SADC) for animal and human consumption. South Africa is the main maize producer in the SADC region, with an average production of about 8,9 mt a year over the past 10 years.

It is estimated that more than 8 000 commercial maize producers are responsible for the major part of the South African crop, while the rest is produced by thousands of small-scale producers. Maize is produced mainly in North West, the Free State and Mpumalanga. A total of 6,9 mt of maize was produced in 2006/07 on two million hectares of land (developing agriculture included).

- Wheat is produced in the Western Cape and the Free State. Average wheat production has totalled about 2 mt a year over the past 10 years.
- South Africa is the world's 12th-largest producer of sunflower seed. An area of 316 350 ha was planted in 2006/07, producing 300 000 mt.
- Some 20 mt of sugar are produced per season. About 50% of this is marketed in southern Africa, while the rest is exported to markets in Africa, the Middle East, North America and Asia.
- South Africa is the leading exporter of protea cut flowers, which account for more than half of proteas sold on the world market.

Source: <http://www.southafrica.co.za/about-south-africa/environment/agriculture-forestry-and-land/>



## **Extract 2: Corn and wheat production in South Africa**

Cereals and grains are South Africa's most important crops, occupying more than 60% of hectareage under cultivation in the 1990s. Corn, the country's most important crop, is a dietary staple, a source of livestock feed, and an export crop. Government programmes, including generous loans and extension services, have been crucial to the country's self-sufficiency in this enterprise. Corn is grown commercially on large farms, and on more than 12 000 small farms, primarily in North-West, Mpumalanga (formerly Eastern Transvaal), Free State (formerly the Orange Free State), and KwaZulu-Natal provinces. Corn production generates at least 150 000 jobs in years with good rainfall and uses almost one-half of the inputs of the modern agricultural sector.

Corn production exceeds 10 million tons in good years; owing to regional drought in the early 1990s, however, production fell to just over 3 million tons in 1992, and roughly 5 million tons of corn were imported, at a cost of at least US\$700 million. Both domestic and imported corn was shipped to neighbouring countries to help ease the regional impacts of the drought. The drought eased in 1993, and officials estimated the 1994 harvest at approximately 12 million tons. Below-average rainfall in late 1994 again threatened to reduce corn output in 1995, and officials expected to import some 600 000 tons of corn in that year. Plentiful rain in late 1995 provided for a bumper crop in 1996.

Wheat production, which is concentrated in large, highly mechanised farms, also increased after World War II. Wheat cultivation spread from the Western Cape where rainfall is fairly reliable, to the Free State and Mpumalanga, primarily in response to rising consumer demand. But wheat harvest volumes vary widely; for example, roughly 2,1 million tons were produced in 1991 and only 1,3 million tons in 1992. Production in the early 1990s failed to meet local demand for about 2,2 million tons per year. Wheat imports in 1992, for example, cost more than US\$5 million.

Source: <http://countrystudies.us/south-africa/67.htm>

- 13.1 Which natural disaster struck the maize (corn) industry in the 1990s? *Middle order*** (2)  
A regional drought ✓✓
- 13.2 Explain if the wheat-farming industry is as vulnerable to this natural disaster as the maize-farming industry. Give reasons for your answer. *Middle order*** (3)  
No, ✓ because rainfall is more reliable in the Western Cape, ✓ the country's main wheat-farming area. ✓
- 13.3 Describe how you think the disaster would affect formal and informal businesses in: *Middle order***
- 13.3.1 the maize-farming districts** (2)  
The maize farmers would suffer because they would lose their crops for the season ✓ as well as their income. ✓
- 13.3.2 the country as a whole** (2)  
The country would suffer ✓ because maize is a staple diet for most South Africans. ✓

**13.3.3 neighbouring countries.** (4)

Maize is the staple diet of most people within the Southern African Development Community (SADC), ✓✓ and South Africa exports a lot of maize to these countries. ✓ They would suffer if the maize crop in South Africa failed. ✓

**13.4 State the percentage that agriculture contributes to formal employment in South Africa. (1) *Middle order***

Eight per cent ✓

**TOTAL MARKS: 267**

**Formal assessment**

For information on how to assess learners' assignments, controlled tests, case studies and projects, please see Section 3 of this Teacher's Guide.

**SECTION A**  
**QUESTION 1**  
**TASK**

[10 marks; 12 minutes]

Match the term in Column A to the explanation in Column B. Only write the number and letter from each column e.g. 1. A.

Column A	Column B
1. Secondary needs	A: Movable goods that can be sold or that can be used for trade
2. Formal businesses	B: Internet, cellphones, debit cards
3. Economic problem	C: People who use resources to produce goods and services
4. Promissory notes	D: Inhabitants of these countries have a low income and standard of living
5. Consumers	E: Our survival does not depend on this
6. Developing countries	F: Businesses that pay tax
7. Tertiary sector business	G: An example is a watchmaker
8. Manufacturing business	H: Unlimited needs, limited resources
9. Manufacturers	I: Examples are banks and other financial service providers
10. Electronic banking	J: Written acknowledgement of an amount that people owe
	K: An industrialised and technological country
	L: People who buy or use goods and services

(10)

**QUESTION 2**  
**TASK**

[5 marks; 6 minutes]

Indicate if the following statements are TRUE or FALSE. Only write the number and TRUE or FALSE.

- 2.1 The formal sector does not supply all the goods and services in the economy.
- 2.2 Secondary needs are more important than primary needs.
- 2.3 Households are made up of people who are economically active and earn money by selling their production factors.

- 2.4 Currency is the money that one country exchanges with another country. (5)
- 2.5 Natural disasters and health epidemics have no influence whatsoever on formal and informal businesses. (5)

## **SECTION B**

### **QUESTION 3**

**[14 marks; 17 minutes]**

- 3.1 Explain the difference between a traditional and a modern society. (2)
- 3.2 List TWO advantages each of formal and informal businesses. (4)
- 3.3 List TWO disadvantages each of formal and informal businesses. (4)
- 3.4 Name the FOUR production factors. (4)
- [14]

## **SECTION C**

### **QUESTION 4**

**[10 marks; 12 minutes]**

- 4.1 Write a paragraph in which you discuss primary and secondary needs. (10)

## **SECTION D**

### **QUESTION 5**

**[11 marks; 13 minutes]**

- 5.1 Use examples to explain why a business can be involved in more than one stage of the production process. (5)
- 5.2 Explain why households can be producers and consumers. (4)
- 5.3 Explain why commercial banks are more prepared to finance formal businesses rather than informal businesses? (2)

**TOTAL: 50 MARKS**

**SECTION A****QUESTION 1**

1. E      2. F      3. H      4. J      5. L  
6. D      7. I      8. G      9. C      10. B      (10)

**QUESTION 2**

- 2.1 True  
2.2 False  
2.3 True  
2.4 False  
2.5 False (5)  
[15]

**SECTION B****QUESTION 3**

3.1 Traditional society: A society in which communities use basic methods to hunt for and harvest crops/gather food. These societies lack technology. ✓

Modern society: An industrialised society that utilises technology to produce goods for trade. ✓ (2)

3.2 Advantages of formal businesses:

- Access to bigger markets
- Access to credit
- Access to legal support
- Create job opportunities
- Contribute to costs of running the country through taxes
- Economic activity contributes to the economy
- Regulations by the government means that customers trust their goods and services (any ✓✓)

Advantages of informal businesses:

- Business does not pay tax
- Business provides job opportunities
- Alleviates poverty
- Easy to set up, because they are small
- Cheap to run
- Contribute to the economy
- Owner learns business skills (any ✓✓)

(4)

3.3 Disadvantages of formal businesses:

- Expensive to set up
- Expensive to run
- Owners have to pay tax, so cannot keep all of their profits
- A lot of work and expensive to comply with government regulations
- Owners require skills and training (any ✓✓)

Disadvantages of informal businesses:

- Business usually does not pay tax and does not contribute to the country's economy
- Government does not monitor or regulate these businesses, so they could be using practices that are dangerous or illegal

(any ✓✓)

(4)

3.4 Natural resources (land), capital, labour and entrepreneurship (4)

[14]

## SECTION C

### QUESTION 4

4.1 Basic or primary needs are the physical needs of food, water, warmth or shelter and rest, and safety needs (security and safety)

✓. If these needs are not met, people cannot survive. ✓ Once people's basic needs have been met, they can focus on their secondary needs. ✓ Secondary needs are needs on which our survival does not depend. ✓ Although these are an important part of human development, they are not essential to our survival. ✓ So, they are also called wants. ✓ This constant desire to achieve a lifestyle to satisfy both our needs and our wants is what drives us to achieve. ✓ We work hard; we aim for a promotion; we study hard to qualify so that we can earn a bigger salary. ✓ We need food and shelter, but we want to reach our full potential. ✓ We constantly try to improve ourselves so that we can satisfy those needs and are able to satisfy more wants. ✓

(10)

## SECTION D

### QUESTION 5

5.1 A farmer can grow fruit trees (primary sector) and sell the fruit at the market (tertiary sector). A farmer can grow fruit trees (primary sector), dry the fruit and make jam (secondary sector), and sell the jam at the craft market (tertiary sector).

Good explanation, gave all three sectors with examples = 5 marks

Gave explanation with only two sectors with examples = 3 or 4 marks

Gave only one sector with an example = 1 or 2 marks

Did not understand the question or answered it incorrectly = 0 marks

(5)

5.2 Households buy and consume goods and services. They also produce goods and services by selling their labour in exchange for income. ✓✓ So, people are both producers and consumers. They use their resources to produce goods and services but they also consume the goods and services that others produce. ✓✓

(2 × 2 = 4)

5.3 The bank can assess the risk of a formal business more accurately and it is also easier to assess how well the formal business is doing. ✓✓

(2 × 1 = 2)

[11]

**TOTAL: 50 MARKS**

# TERM 2

## Topic 5

### Looking back, looking ahead

Learner's Book pages 58–60

Duration: 2 hours

#### Term and week/s

Term 2, Week 1

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will:

- revise what they learnt in Term 1
- get a brief glimpse of what they will learn in Term 2

### Teaching the topic

- This is an opportunity to consolidate what the learners learnt in the previous term. If learners are still struggling with some concepts, give them additional activities or revision activities to do. Those who understand the text well can help those who are struggling.
- Encourage learners to draw mind maps (similar to those drawn in this topic) to revise what they learnt in the previous term.
- Once you are comfortable that learners understand the content so far, you may continue with the overview of the new term.
- When revising the new term, do not go into too much detail – you need spend no more than 10–15 minutes on the overview.
- Mention to the learners that they may use the overview mind map provided, and add their own notes during the term so that they have a complete mind map of the term's work by the end of the term.

# Topic 6

## Accounting concepts

Learner's Book pages 61–72

Duration: 4 hours

### Term and week/s

Term 2, Weeks 2–3

### New words and concepts

capital; owner's equity; drawings; fixed assets; current assets; cash float; long-term liabilities; current liabilities; profit motive; net loss; budget; savings; banking; financial records; financial transactions

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about FINANCIAL LITERACY.

They will look at:

- capital
- assets
- liability
- income
- expenses
- profit
- losses
- budgets
- savings
- banking
- financial records
- transactions

### Resources

Collect as much as you can of the following information for this topic: examples of budgets, such as the one in the Learner's Book page 67; pamphlets and information sheets from your local banks about savings accounts and banking services; examples of financial records, such as till slips and, if possible, an order confirmation from an online bookshop where you bought a book.

Newspaper, magazine and Internet articles about budgeting, banking and savings, such as those in the personal finance sections of the Sunday newspapers, would also be useful. Make sure that the articles you collect are of a suitable level for Grade 7 learners.

### Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- This topic gives you an opportunity to introduce accounting concepts and terminology to your learners and to guide your learners towards understanding the importance of concepts and terminology in EMS. These must be understood and learnt, as this fundamental knowledge is needed to progress to Grade 8.



- Remember that concepts that are familiar to you may not be familiar to your learners, especially if you live in a rural area with few bank branches.
- Think about your personal budget. While you won't share this information with your learners, make sure you are familiar with drawing up and keeping to a budget in your personal life, so that you can communicate what this entails to your learners.
- Plan how you will integrate the resources gathered above into your teaching.

## Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
2	2	65	6.1
3	3	65–66	6.2–6.3

### Lesson 2

- In this lesson, the learners are expected to classify or identify the basic accounting concepts of Capital, Assets (fixed assets and current assets), Liabilities (long-term liabilities and current liabilities), Income, Expenses, Profits and Losses.
- Work through the text in the Learner's Book pages 61–66, using Thabo's panel-beating business as a starting point and case study. Ensure that learners understand each concept before moving on to the next one.
- **Do Activity 6.1.**

### Lesson 3

- Continue your teaching of financial literacy concepts by starting with budgets. Explain that you will revisit budgets in Topic 8 and that the content in this topic is introductory.
- Work through the definition of a budget in the Learner's Book page 66. Then look at the budget for the Khumalo family in Table 6.1 in the Learner's Book.
- Explain that this family budget is small and simple. To illustrate this, encourage learners to brainstorm the kinds of items that would need to be accounted for in a large business's budget, or in a country's budget.
- Link the concept of a budget to that of savings. Work through the list in the Learner's Book pages 67–68 about how you can save money. Ask learners if they can think of anything else to add to the list.
- **Do Activity 6.2.**
- Move on to discuss banking. Ask the learners to name the local bank or banks.
- Ask the learners to brainstorm the services that banks offer, then introduce the content on banking. Refer to the spider diagram in Figure 6.4 of the Learner's Book.

- Make sure that learners understand the role of banks in providing capital for businesses, as this is important.
- Ask learners if they know what accounting is. Work through the definition in the Learner's Book page 70 and then talk about financial records. Ask learners to give examples of financial records, if they can. Ask them to explain why they think these records are important. Use an example such as the purchase of a cellphone that doesn't work. Emphasise the importance of having the till slip available to prove to the shop that you bought the cellphone from them, and that they need to honour the phone's guarantee.
- Work through the examples of financial records in Table 6.2 of the Learner's Book. Ask learners if they can give any other examples.
- Have a discussion about why businesses keep financial records to conclude this topic.
- **Do Activity 6.3.**

## Answers

### Activity 6.1

Complete the following sentences by filling in the missing words.

*Lower order* (9)

1. **Long-term** ✓ loans are payable over a number of years.
2. Goods that we own are called our **assets**. ✓
3. The interest or share that an owner has in his business is called **owner's equity**. ✓
4. **Income** ✓ is the money a business earns.
5. Money that is owed to another party is a **liability** ✓ for the business.
6. When money is spent on, say, wages, it is an **expense** ✓.
7. The money an owner uses to start a business is called **capital** ✓.
8. Vehicles and equipment are examples of **fixed assets** ✓.
9. **Current assets** ✓ are only temporary in nature and can be converted into cash quite easily, usually within a short period of time.

### Activity 6.2

Imagine that you have just won R1 million on the lottery!

What are you going to do with all that money? *Higher order*

1. **You need to plan carefully. Draw two columns called *Spend and Save*.** (2)
2. **Brainstorm what you *need* (draw a mind map).** (2)
3. **Brainstorm what you *want* (draw a mind map).** (2)
4. **Work out a budget detailing how much money you need every month, every year and into the future to fulfil your needs and wants. Write the budget information into your two columns.** (5)
5. **Work out how much money you could put aside to follow your dreams and to help others.** (2)

**6. Write one paragraph about how you would like to save part of your R1 million wisely. (5)**

Let the learners have some fun with this activity. They may struggle to grasp the worth of R1 million, perhaps thinking that this amount of money could go further than it actually can. Look for evidence that learners have understood the concepts of budgets and savings, and that they have an idea of what costs they can expect to face in the future, when they are financially independent.

Learners' answers could look something like this:

Their Spend and Save columns should contain reasonable projections and ideas, such as:

- budget information about expenses such as education; accommodation; food; transport; medical aid; insurance for their belongings and vehicles; contributions towards a retirement fund; cellphone or landline expenses; payment for utilities such as water, electricity and refuse removal; taxes; money towards leisure activities such as holidays, in the Spend column. This information is largely about needs, but has aspects of wants in the leisure expenses, for example.
- budget information about savings itemising a reasonable monthly amount (such as a percentage of what they earn) to finance hopes and dreams – these could be dreams to travel to Europe to see the art galleries there; or to visit the pyramids in Egypt or Victoria Falls; or to attend a world-class university such as Harvard in America. This column includes some information about contributing to helping others, in the form of a regular charity donation, for example. Encourage learners to be sensible and responsible, but also to dream, and to plan for achieving these dreams. This information goes into their Save columns.

Ensure that their mind maps match the information in their columns. Give them the freedom to structure their mind maps in a way that is logical to them.

Their paragraphs about saving could refer to opening a savings account, using savings strategies such as unit trusts or notice deposit accounts. They could mention the dangers of overusing credit and of paying interest in addition to capital when they finance purchases such as cars and home electronics. They can mention some of the points in the Learner's Book on pages 67 and 68:

- Never spend more than the amount you earn.
- Think about buying what you need first. Think very carefully about buying what you want.
- Pay off all your debt and stay out of debt.
- Always have some cash to buy the basic things you need.
- Keep some emergency funds for doctors, vets, vehicles, house costs and other bills.
- Learn from the past and plan for the future.
- Think about your future being longer than just five years – think long term.

## Activity 6.3

- 1. List ten services that banks provide. Lower order** (10)
  - cellphone and Internet banking ✓
  - bank balances ✓
  - bank statements ✓
  - payment to third parties ✓
  - exchange rate enquiries ✓
  - opening and closing accounts ✓
  - loan applications ✓
  - wills ✓, financial planning ✓ and retirement planning. ✓
- 2. Explain why it is important for businesses to keep financial records. Middle order** (4)

Businesses keep financial records to prevent fraud ✓ and to provide documentation to the South African Revenue Services (SARS) ✓ that the earnings they have declared are correct ✓. It is illegal not to keep financial records of a business's earnings. ✓
- 3. Distinguish between financial records and financial transactions. Lower order** (2)

Financial records are the records of the business's financial transactions ✓. Financial transactions are the events at which buyers and sellers exchange assets for money. ✓
- 4. Explain in a few words what takes place each time there is an action between a person or business. Lower order** (1)

Each time a transaction takes place. ✓

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 6.2:** Take in the learners' activities and check that they have allocated appropriate amounts to the correct columns in their tables. Their mind maps should accurately reflect their needs and wants, and their paragraphs should show that they have given critical thought to how to save part of their windfall. (18)

### Consolidation

- **Give two examples of financial records.**

Till slips, bank deposit slips, payslips, payrolls, credit notes, electronic payment notifications from your bank
- **Explain why we need to budget.**

We budget so that we can plan how to spend, save or borrow money.

### Extension

**Imagine that you have left school and have finished studying for your chosen degree or diploma. You are working in a job related to your degree or diploma. You live in a flat and have a small car. Draw up a budget, showing what you think you would need to spend in a month and how much you think you would be able to save every month. Mention what you would like to save for.**

Learners give their own snapshots of their lives as young professionals. Take care not to penalise them for inaccurate figures, as they will probably not know what kind of salaries to expect or have a clear idea of what their costs will be. Make sure that they show an awareness of the kinds of things they are likely to spend money on, and let them dream a little when listing what they would like to save for. Encourage them to aim high academically and financially, especially those who live in less privileged households. Allow them to believe that their financial futures are theirs to shape.

## Topic 7

# Income and expenses

Learner's Book pages 73–87

Duration: 6 hours

### Term and week/s

Term 2, Weeks 4–6

### New words and concepts

salaries and wages;  
capital; interest;  
Statement of  
Net Worth; land  
and buildings;  
investments;  
royalties; dividends;  
unit trust

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about FINANCIAL LITERACY.

They will look at:

- personal income
- personal expenses
- types of personal income
- personal Statement of Net Worth
- types of income that businesses receive
- types of expenses that businesses have
- savings and investments in business

## Resources

Collect articles from newspapers, magazines and the Internet for this topic. You should find articles about the net worth of high-profile people, such as celebrities and businesspeople, fairly easy to find. Balance these views with information about ordinary people, so that the learners do not start believing that wealth is the only marker of personal success.

Find pictures showing current and non-current assets and information about liabilities if you can. Gather information from the newspaper about share prices.

Gather news articles about the kind of expenditure that businesses have, especially large businesses that acquire assets such as equipment or that buy other businesses. Learners should find the large amounts of money that come into and go out of businesses to be interesting.

Find information about the kinds of royalties that authors, musicians and artists make from their work that sells well.

## Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- By this stage you should know your learners well. Anticipate their level of knowledge and let this guide you as to how to prepare to teach this topic.
- Plan how you will integrate the articles and pictures you have gathered into your teaching to use them most effectively.
- Identify stronger learners who can pair up with weaker learners to help them progress.
- Anticipate the differences that may exist between your learners' financial situations. Let this help you handle the personal net worth section sensitively.

## Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
4	4	70	7.1
5	5	70–71	7.2–7.4
6	6	71–72	7.5–7.6

### Lesson 4

- Revise what a budget is from Topic 6, and make the connection between budgets and the content you will cover this week – income and expenses.
- Use the photographs in Figure 7.1 of the Learner's Book as a starting point for your teaching. Encourage discussion about the photographs, ensuring that learners discuss the different financial situations sensitively. Talk about how you think the income and expenses of the people who live in the homes would differ.
- Ask learners to tell you what kinds of personal income they may know about. They will probably know about income from work, but will most likely not know about cash flow from capital and land. Explain these types of personal income.
- Ask learners to tell you what kinds of personal expenses they may know about. Work through the list in the Learner's Book page 75.
- **Do Activity 7.1.**

### Lesson 5

- Find articles about the net worth of high-value individuals, such as celebrities and businesspeople, to introduce the concept of net worth.
- Stress that the Statement of Net Worth is just a statement of your financial value at a specific time, and that financial value is not a measure of your worth as a person.

- Work through the text on the personal Statement of Net Worth in the Learner's Book pages 75–76. Explain how the Statement of Net Worth can also be called a Balance Sheet and why it is important to a household.
- Move on to discuss how to draw up a personal Statement of Net Worth. Take time to revise the different kinds of assets and liabilities. Use the pictures you have collected to reinforce your teaching. Learners may find this content difficult to understand as it is quite far removed from their life experiences. Use examples that learners would have already encountered in your teaching.
- Use a few examples to consolidate the use of the formula for calculating net worth. Explain the difference between a positive and negative number, a surplus or a deficit.
- **Do Activity 7.2.**
- Use the worked example of the Meintjies' household to reinforce what learners have learnt so far.
- **Do Activity 7.3.**
- Work through the flow chart in Figure 7.4 of the Learner's Book to summarise the steps that must be followed when drawing up a personal Statement of Net Worth.
- **Do Activity 7.4.**
- Show learners how to deal with the daily changes in personal net worth by using the spreadsheet in Table 7.2 of the Learner's Book. Work through how to move from the spreadsheet in Table 7.2 to the personal Statement of Net Worth in the Learner's Book page 80.

## Lesson 6

- Explain that you will now move from looking at personal income and expenses to business income and expenses.
- Ask learners to tell you about any sources of business income they may know about. From what they learnt in Term 1, they should at least be able to tell you that business income comes from sales of goods and services.
- Explain the other sources of business income: interest, rental, royalties and dividends.
- Work through the example of royalties earned by Stephanie Meyer for her *Twilight* series of novels.
- Explain how dividends work and how companies earn income when shareholders buy shares. Use the information you have found about share prices to help explain dividends.
- Ask learners to tell you about any sources of business expenses they may know about. They will probably tell you about salaries, tax and the costs of buying stock or materials for making goods. Work through the list in the Learner's Book pages 82–83. Encourage learners to add any other expenses they may think of.
- **Do Activity 7.5.**



- Ask learners to discuss why they think savings and investments are important in a business.
- Explain why the business owners cannot just spend all of the business's profits and need to have savings to use in emergencies. Explain that business owners must get good advice about the best savings accounts to use and then discuss the types of business savings accounts that banks offer.
- Explain what business investments are and how business investments are an effective way of saving money. Discuss the risks involved in investing money and explain how unit trusts work. Point out that income comes from interest on these investments. Use the example of the artist in the Learner's Book page 85 to explain different kinds of investments and the time periods required to benefit from investments.
- **Do Activity 7.6.**

## Answers

### » Activity 7.1

- 1. Define personal income. *Lower order*** (3)  
This is an individual's total annual earnings ✓ from all sources ✓ such as wages, investments, dividends, rentals, profits and interest. ✓
- 2. List the three areas from which you can get personal income. *Lower order*** (3)  
Cash flow from work ✓, cash flow from capital ✓ and cash flow from land ✓
- 3. Define personal expenses. *Lower order*** (2)  
These are all the costs you incur in your daily life ✓; what it costs you to live your life. ✓
- 4. Discuss some sources of your personal income and expenses. You don't need to be specific about amounts if you want to keep that information private. For example, you could say that you get some money as an allowance from your parents, but you don't need to say how much money you get. Discuss where you get your personal income from, and what your personal expenses are. Write brief notes about your discussion. *Middle order*** (5)  
Learners discuss their own personal income and expenses. Make sure that learners are comfortable with doing this and that they understand that they do not have to be specific. Ensure that the pairs discuss this respectfully and that, if there are economic differences between learners in a pair, one learner does not judge the other. (✓ per point)
- 5. Now identify and discuss some of the sources of income and expenses for your family. Again, you don't have to discuss amounts, just sources. *Middle order*** (5)  
As with Question 4, make sure that learners are comfortable with doing this and that they understand that they do not have to be specific. (✓ per point)



## Activity 7.2

1. a. **Zubair's total assets are R1 750 000. His liabilities are R495 500. Calculate his net worth. *Middle order*** (3)
 

$\text{net worth} = \text{total assets} - \text{total liabilities} \checkmark$   
 $= \text{R1 750 000} - \text{R495 500} \checkmark$   
 $= \text{R1 254 500} \checkmark$
- b. **State whether his net worth shows a surplus or a deficit. *Middle order*** (1)
 

His net worth shows a surplus because it is a positive figure.  $\checkmark$
2. a. **Suzaan has assets valued at R679 000 and liabilities totalling R835 000. Calculate her net worth. *Middle order*** (3)
 

$\text{net worth} = \text{total assets} - \text{total liabilities} \checkmark$   
 $= \text{R679 000} - \text{R835 000} \checkmark$   
 $= -\text{R156 000} \checkmark$
- b. **State whether her net worth shows a surplus or a deficit. *Middle order*** (1)
 

Her net worth shows a deficit because it is a negative number.  $\checkmark$

## Activity 7.3

Donovan owns a flat that is worth R600 000. He has paid off R360 000, but still owes the balance to the bank on his bond. He financed a car worth R80 000, and still owes R20 000 on his car payments. He has R35 000 in his bank account.

1. **Calculate the value of Donovan's household by calculating his assets and liabilities. *Middle order*** (10)

Assets:

ASSETS	
Land and property	$\checkmark$ 600 000
Vehicles	$\checkmark$ 80 000
Cash in the bank	$\checkmark$ 35 000
<b>TOTAL ASSETS</b>	<b><math>\checkmark</math>715 000</b>

Liabilities:

LIABILITIES	
Amount owing on house	$\checkmark$ 240 000
Amount owing on car	$\checkmark$ 20 000
<b>TOTAL LIABILITIES</b>	<b><math>\checkmark</math>260 000</b>

So, the value of his household = assets – liabilities  $\checkmark$   
 $= \text{R715 000} - \text{R260 000} \checkmark$   
 $= \text{R455 000} \checkmark$

2. Draw up Donovan's Statement of Net Worth.

*Middle order*

(8)

**Donovan's Statement of Net Worth**

<b>ASSETS</b>	<b>✓715 000</b>
Land and property	✓600 000
Vehicles	✓80 000
Cash in the bank	✓35 000
<b>LIABILITIES</b>	<b>✓260 000</b>
Amount owing on house	✓240 000
Amount owing on car	✓20 000
<b>Net worth (715 000 – 260 000)</b>	<b>✓455 000</b>

➤ **Activity 7.4**

Alliyah has asked you to help her calculate her net worth. She has made a list of all the things in her room. Use this list to draw up her Statement of Net Worth. *Middle order*

(12)

<b>Alliyah's stuff</b>	
<b>Item</b>	<b>Value</b>
Bed	R500
Jacket	R1 000
MP3 player	R200
CDs	R200
Lamp	R150
Nike shoes	R500
Cellphone	R200
Computer	R1 000

Alliyah's net worth statement will look like this:

**Statement of Net Worth of Alliyah**

<b>ASSETS</b>	<b>✓3 750</b>
Cash	✓0
Bank	✓0
Clothing	✓1 500
Computer	✓1 000
Furniture	✓650
MP3 Player	✓200
CDs	✓200
Cellphone	✓200
<b>LIABILITIES</b>	<b>✓0</b>
Loans payable	✓0
<b>Net worth (3 750 – 0)</b>	<b>✓3 750</b>

## » Activity 7.5

### 1. Provide three examples of business expenses. *Lower order* (3) (Any 3)

- capital expenses, which are the costs of starting up the business
- staff salaries and wages
- renting or buying premises from which the business operates
- equipment such as ovens for a bakery, trucks for a removal company, or textiles for a clothing business
- raw materials for production
- office equipment such as computers, furniture and stationery
- tax on the business's income
- interest on loans or credit
- insurance
- research and development
- medical aid and pension fund contributions
- unemployment fund contributions
- education and training for staff
- utilities for the business premises, such as water, electricity, phone lines and Internet connections.

### 2. Business expenses differ from business to business. List the types of business expenses you think a business that designs and makes wedding dresses would incur each month.

#### *Middle order*

(10)

Learners give their own opinions. They should list things such as the cost of fabric and thread; ✓ the cost of bridal magazines to keep up with the latest wedding dress fashions ✓; sewing machines ✓; salaries for seamstresses ✓; rental ✓; utilities ✓; tax ✓; insurance ✓; payments to the Unemployment Insurance Fund (UIF) ✓; medical aid and pension fund contributions ✓ and advertising ✓. (Any 10)

## » Activity 7.6

### 1. Discuss what an investment is. *Lower order* (3)

When businesses invest money, they commit that money to earning future income ✓. Investment involves buying something – a financial product, such as a policy or investment plan, or a physical object, such as a valuable painting ✓ – and getting some kind of financial return on that object or product when you sell it. ✓

### 2. Briefly describe why investments are a form of 'forced' saving. (4)

#### *Lower order*

When businesses invest money, they take it out of circulation for the duration of the investment ✓. This means that nobody in the business can access the money because it is 'tied up' in the investment ✓. So, the business cannot spend the money ✓. In this way, investment becomes an effective way of saving money ✓.

**3. Explain why businesses need savings. Lower order (3)**

Businesses need to think about cash flow and their financial futures by saving money and investing some of their profits ✓. Savings and investments help to generate more income for businesses because of the interest they earn ✓. Businesses also need savings that they can use in emergencies ✓.

**4. Business savings accounts help business owners to keep their personal savings separate from their businesses' savings. Explain why you think this is important. Middle order (3)**

Learners give their own responses. Ensure that they understand that businesses need to access their savings quickly in emergencies ✓ to ensure the continuous service delivery of their business ✓. Business owners cannot use their business savings on a personal holiday, for example, and not have it available for the efficient running of the business. ✓

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 7.1:** Observe the learners' interactions with their partners and make notes on how they are progressing. (observation-based)

**Activity 7.2:** Take in learners' calculations and mark them, or allow learners to peer-assess each other's work. (8)

**Activity 7.3:** Take in the learners' Statements of Net Worth and mark them. (8)

**Activity 7.4:** Observe the pair interactions and make notes about how the learners are able to work together to think about business expenses. (observation-based)

**Activity 7.5:** Observe how the learners work together in pairs and make notes on their progress. (observation-based)

### Consolidation

• **Define business expenses and give three examples.**

Business expenses are the expenses that businesses incur to keep running. These business expenses differ from business to business. Some examples of business expenses are:

- capital expenses, which are the costs of starting up the business
- staff salaries and wages
- renting or buying premises from which the business operates
- equipment such as ovens for a bakery, trucks for a removal company, or textiles for a clothing business
- raw materials for production
- office equipment such as computers, furniture and stationery
- tax on the business's income
- interest on loans or credit
- insurance
- research and development

- medical aid and pension fund contributions
- unemployment fund contributions
- education and training for staff
- utilities for the business premises, such as water, electricity, phone lines and Internet connections.

- **Define shares.**

Shares are portions of a business that shareholders buy to provide capital for the business to start up and operate.

- **Define a personal Statement of Net Worth.**

It is a statement of your financial worth at a specific time.

### **Extension**

- **Explain the difference between current and non-current assets. Give two examples of each.**

Current assets are assets that are generally not tangible, and that can be converted into cash quite easily, such as bank balances, investments, savings, policies and loans that people need to pay back to you.

Non-current assets are assets that, generally, you can touch, such as property, jewellery, pieces of art, furniture, electronics, cars, boats and aircraft.

- **John's assets are worth R2,8 million and his liabilities are valued at R300 000. Calculate his net worth.**

Net worth = total assets – total liabilities  
 = R2 800 000 – R300 000  
 = R2 500 000

### **Formal assessment**

For information on how to assess learners' assignments, controlled tests, case studies and projects, please see Section 3 of this Teacher's Guide.

# Formal Assessment Task 2:

## Case study

Learner's Book pages 88-89

Marks: 30

Learners do this assignment on their own.

Learners read the following case study and complete the Statement of Net Worth. Marks are allocated according to the rubric.

### Case study

E Roos is a Grade 7 learner attending boarding school for the first time in 2015. His parents live far away, so they opened a bank account for him. They deposit money into this account on a monthly basis. He must use this money to pay for everything he needs at school, for sports and for social activities. However, his parents expect him to keep every single invoice, receipt or document as proof of purchase. At the end of the first term he takes home the following documents. His mother knows he was taught in EMS how to draw up a Statement of Net Worth. She asks him to draw one up for the past three months ending 31 March 2015, using all the documents he brought home.

### Transactions/documents

- A cash invoice for a bicycle bought from Wellington Cycles, R1 250
- A till slip for a cellphone bought from Cell4U, R525. He was to repay this amount over three months and still owes one month's payment.
- Three cash register slips from Mr Prize for clothes: R245,50, R197,20 and R354,30
- A number of cash invoices from Welsport for a racquet, R120, a cricket bat, R246, a hockey stick, R210, and a skateboard, R135
- An ATM slip, indicating that there is R44,76 left in the account
- A ticket for a fine because he rode his skateboard on the pavement, R110. His father had to lend him the money to pay the fine.
- He still owes R125 to the local gym.

Assess learners' Statements of Net Worth using the following rubric.

### Rubric

Section	0-1	2-3	4
<b>Format</b>	The format of the statement is not set out correctly.	The format of the statement is more or less set out in the correct format.	The format of the statement is set out correctly.
<b>Content: Assets</b>	Only a few correct items are listed under Assets.	Only three correct items are listed under Assets.	All the correct items are listed under Assets.
<b>Content: Liabilities</b>	No correct items are listed under Liabilities.	Only two correct items are listed under Liabilities.	All the correct items are listed under Liabilities.
		<b>Total: 12</b>	
		<b>Accuracy: 18</b>	
		<b>Total: 30</b>	

### Statement of Net Worth of E Roos for 3 months ended 31 March 2015

<b>ASSETS</b>	<b>3 327,76</b>	<b>(✓)</b>
Bicycle	1 250,00	✓
Cellphone	525,00	✓
Clothing	797,00	✓✓✓
Sport equipment	711,00	✓✓✓✓
Cash	44,76	✓
<b>LIABILITIES</b>	<b>410,00</b>	<b>(✓)</b>
Debt to father	110,00	✓
Debt: Cellphone	175,00	✓✓
Debt: Gym	125,00	✓
<b>Net worth</b>	<b>2 917,76</b>	<b>(✓)✓</b>

## Topic 8

# Budgets

**Duration: 4 hours**

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**Learner's Book pages 90-95**

**Term and week/s**  
Term 2, Weeks 7-8

**New words and concepts**  
personal budget;  
business budget;  
operating budget;  
variance

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about FINANCIAL LITERACY. They will look at:

- definition of a budget
- income
- expenditure
- a personal budget
- a business budget

## Resources

Continue to collect news articles from newspapers, magazines and the Internet about budgets.

Use the resources you collected in Topic 6 to re-introduce budgets to the learners. Try to access a sample business budget to provide an additional example. See if a local business would be prepared to give you a breakdown of its income and expenditure that you can show to the learners.

You may want to make an enlarged copy of the budgets for Johan in Table 8.2 and Coastal Confectioners in Table 8.3 of the Learner's Book. Copy them onto a transparency if possible, so that you can work through the figures with the learners.

## Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Some of this topic involves recapping content you have already taught, but make sure you are familiar with the business budget in particular so that you can teach this topic confidently.
- You will already be aware of how your learners coped with the budget content you taught in Topic 6. Use this opportunity to revise any aspects of budgets that the learners struggled with.
- Gather your resources and plan how you will integrate them into your teaching.

## Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
7	7	80–81	–
8	8	81	8.1–8.3

## Lesson 7

- Ask the learners what they think is happening in the opening photograph of this topic. Explain that the Minister of Finance, Pravin Gordhan, is presenting the 2011 National Budget speech, in which he details how the country's money is to be spent during the year.
- Ask the learners to give some ideas about where they think a country's income comes from and what kinds of expenses would appear in the National Budget.
- Use the class discussion questions to get the learners talking about budgeting. Recap the definition of a budget from Topic 6.
- Have another look at the Khumalo family budget in the Learner's Book page 67 (Topic 6) to consolidate what learners already know about budgets. Briefly remind learners about what they learnt in



Topic 7 on personal and business income and expenses (you will revise this fully in the next lesson).

- Work through the text on income and expenditure in the Learner's Book page 91. Ask learners how they would budget if they were starting a new business and they didn't know what their income and expenditure would be. Explain that they would make careful estimates and revise their estimates as soon as they had more information.

## Lesson 8

- This section deals with two sample budgets – a personal budget (Johan) and a business budget (Coastal Confectioners).
- Recap the personal income and expenses you taught in Topic 7. Ask learners to tell you what these are, and refer to the Learner's Book again if necessary.
- Read through the information on Johan's personal budget with the learners. Take the learners through Johan's process for finding out what his expenses are.
- Draw up a blank personal budget and take the learners through filling in Johan's budget step by step. Allow them to direct the process.
- **Do Activity 8.1.**
- Move on to discussing the business budget. Start by recapping business income and business expenses from Topic 7. Let the learners give you information to write on the board. Alternatively, use this recapping as a chance for a quick fun quiz. Divide the class in half and have a competition to see how many business expenses and sources of business income the learners can remember. Award points for each answer and find the winning group.
- Work through the operating budget for Coastal Confectioners in Table 8.3 in the Learner's Book.
- Explain the three columns in this budget – Actual, Budget and Variance.
- Work through the numbered points in the Learner's Book page 94, showing what we can see from looking at this business budget. Spend time on this section so that learners understand it fully.
- **Do Activities 8.2 and 8.3.**

## Answers

### » Activity 8.1

**Priya is a high-care nurse. She rents a flat and is trying to decide whether she has enough money to buy her own flat. She needs to take a close look at her finances to determine this, so she decides to draw up a budget. Here are her notes after looking at her records: Rent: R2 000; Car payment: R800; Cellphone contract: R200; Electricity and water: R450; Petrol: R350; Insurance: R700; Groceries: R1 200; Investments R1 000; Salary: R12 000, after medical aid, tax and pension deductions. Use her notes to draw up her personal budget. *Middle order*** (14)

Priya's personal budget looks like this:

Income ✓		Expenses ✓	
Salary	✓ 12 000	Rent	✓ 2 000
		Car payment	✓ 800
		Cellphone contract	✓ 200
		Electricity and water	✓ 450
		Petrol	✓ 350
		Insurance	✓ 700
		Groceries	✓ 1 200
		Investments	✓ 1 000
<b>Total income</b>	<b>✓ 12 000</b>	<b>Total expenses</b>	<b>✓ 6 700</b>
<b>Total income – Total expenses (savings)</b>			<b>✓ 5 300</b>

## » Activity 8.2

- 1. Compare the personal budget in Table 8.2 and the business budget in Table 8.3 in the Learner's Book. Discuss the differences between them. Write a paragraph to document your discussion. *Middle order* (8)**

The personal budget contains much simpler information than the business budget. ✓ It lists one individual's income sources and expenditure, and uses a simple calculation for savings:

savings = total income – total expenses. ✓

The business budget contains information from more sources and is more detailed. ✓ Businesses have more sources of income and more expenses than individuals, as you can see from Table 8.3 in the Learner's Book. ✓ The business budget lists all of the income sources, then all of the expenses. ✓ It gives a total of income and expenses, and uses a formula to determine the business's net income or loss. ✓

There are three columns in the business budget – a column for the business's actual income and expenses, a column for the amounts that the business budgeted for, or estimated, and a column showing the difference, or the variance, between actual and budgeted figures ✓. The variance column helps to identify areas where the business's spending was more or less than the budgeted figures. ✓

- 2. Explain why income and expenditure information is important when drawing up a personal or a business budget. *Lower order* (4)**

Individuals and businesses need to know how much they make and how much they spend, to be able to determine whether they are living or operating affordably. ✓ If you do not have this information, you need to make careful estimates and revise your estimates as soon as you get accurate information. ✓

You can use a personal budget to monitor and improve your net worth. ✓ You can use a business budget to improve a business's cash flow and to determine how much money you can re-invest in the business to help it grow. ✓

**3. List the steps you should follow when drawing up a budget for a new business, if you have no income or expenditure information for the business. Lower order (3)**

Make careful estimates. ✓ Revise them as soon as you have the real figures once the business is running. ✓ A good way of finding out what the income and expenditure will be is to research similar businesses to find out what they are earning and spending. ✓

» **Activity 8.3**

You have been asked to help your cousin with the finances for her small catering business, *Celebrate*. You ask her to look through her records and to tell you what her monthly running costs and sales are like. She gives you the following list, which is what she planned her costs to be like a few months ago:

• Food ingredients	R43 000
• Wages for assistant	R6 000
• Rental for business premises	R3 000
• Electricity and water	R2 000
• Telephone and cellphone	R750
• Marketing	R500
• Sales	R80 000

However, when you look through her records yourself, you find that the figures she planned and the actual monthly figures are different. You make the following notes:

• Food ingredients	R43 500
• Wages for assistant	R6 000
• Rental for business premises	R3 000
• Electricity and water	R2 300
• Telephone and cellphone	R850
• Marketing	R500
• Sales	R95 000

Draw up a business budget for *Celebrate* so that you can show her a clear picture of her income and expenses every month.

*Higher order* (13)

*Celebrate's* business budget looks like this:

	Actual (R)	Budget (R)	Variance (R)	
<b>Income</b>				
Sales	95 000	80 000	15 000	✓
<b>Total income (A)</b>	<b>95 000</b>	<b>80 000</b>	<b>15 000</b>	✓
<b>Expenditure</b>				
Food ingredients	43 500	43 000	(500)	✓
Staff wages	6 000	6 000	–	✓
Rental: premises	3 000	3 000	–	✓
Electricity and water	2 300	2 000	(300)	✓
Telephone and cellphone	850	750	(100)	✓
Marketing	500	300	(200)	✓
<b>Total expenditure (B)</b>	<b>56 150</b>	<b>✓ 55 050</b>	<b>(1 100)</b>	✓
<b>Net income/Loss (A – B)</b>	<b>✓ 38 850</b>	<b>✓ 24 950</b>	<b>13 900</b>	✓

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 8.1:** Take in the learner's personal budgets and mark them. (14)

**Activity 8.2:** Observe how the learners interact in pairs. Make notes for future reference. (observation-based)

**Activity 8.3:** Take in the learner's business budgets and mark them. (13)

### Consolidation

**Let's suppose you want to save up to buy a car. When you draw up a personal budget, explain why you should not allocate all of your savings towards buying the car.**

You need to leave some money aside for emergencies and unexpected events and costs. If you spend all of your savings on a car and you get sick, for example, you will have no money to go to the doctor.

### Extension

**A business's operating budget shows that its actual expenses were R50 000 and its budgeted expenses were R48 000. Explain what the implications of this are for the business.**

The business will have an amount of –R2 000 in the Variance column. This indicates that the business has spent R2 000 more than it should have for the budgeted period. It should look carefully at ways of cutting this additional spending or of increasing its income to make up the shortfall.

# Revision Term 2

Learner's Book pages 96–99

- Before doing this term's revision, review all the topics in this term.
- Refer learners to the Study and Exam skills section at the end of the Learner's Book.
- Learners complete this activity on their own. This way they will see which sections they need to revise again.

## Topic 6: Accounting concepts

### Activity 1: Revise capital, assets, liabilities, expenses, profit and losses

1.1 Choose the correct answer by writing down the correct letter.

*Lower order*

(2 × 10 = 20)

- 1.1.1 The possessions of a business are called its: D (assets).
- 1.1.2 Parties that owe the business money are called:  
A (debtors).
- 1.1.3 Equipment and buildings owned by a business are called: C (fixed assets).
- 1.1.4 An asset purchased with the purpose of exchanging it for cash within one year is: B (a current asset).
- 1.1.5 Fixed assets are purchased for: C (the purpose of running the business).
- 1.1.6 Which asset is not a fixed asset? B (Trading stock)
- 1.1.7 All money received and deposited by the business that increases the capital of the owner is called: C (income).
- 1.1.8 Money that the business owes to another person or business is a: A (liability).
- 1.1.9 Which of the following is not an expense?  
C (Drawings)
- 1.1.10 Which of the following is not a current asset?  
A (Creditors)

1.2 Indicate whether the following statements are true or false. (10)

*Middle order*

- 1.2.1 Loss is the amount by which expenses exceed the receipts for services rendered. True
- 1.2.2 A business's possessions are called its assets. True
- 1.2.3 Liabilities are payments that decrease owner's equity. False
- 1.2.4 Cash float is the money the owner took for personal use. False – owner takes drawings for personal use
- 1.2.5 A sole trader is a form of business owned by two persons. False – sole trader is a single owner
- 1.2.6 Trading stock are items bought with the purpose of selling them for a profit. True

- 1.2.7 **Trade is one word for the rendering of a service.** False
- 1.2.8 **Receipts that increase owner's equity are called income.** True
- 1.2.9 **A budget is the plan that entrepreneurs draw up with the purpose of starting a business.** False – they would use a business plan.
- 1.2.10 **Savings is money set aside for a short-term goal.** True

## Activity 2: Revise budgets, savings, banking, financial records and transactions

### 2.1 Define a budget. *Lower order* (3)

A budget is a list ✓ showing the money you expect to earn ✓ and the expenses you expect to have to cover within a specific period. ✓

### 2.2 Explain what a budget can help you to do. (4) *Lower order*

It can help you to plan ✓ for what you are going to spend ✓, save ✓ or borrow. ✓

### 2.3 Define savings. *Lower order* (2)

Savings is the money that you put away ✓ when you have covered your expenses. ✓

### 2.4 List five guidelines for saving money. *Lower order* (Any 5 × 1 = 5)

- Never spend more than the amount you earn.
- Think about buying what you need first. Think very carefully about buying what you want.
- Pay off all your debt and stay out of debt.
- Always have cash to buy the basic things you need.
- Keep some emergency funds for doctors, vets, vehicles, house costs and other bills.
- Learn from the past and plan for the future.
- Think about your future being longer than just five years – think long term.

### 2.5 Explain why banking is important for a country's economy. (5)

#### *Middle order*

When the money borrowed from a bank is used to make capital investments ✓, it is usually a boost to the economy of any country for the following reasons: ✓

- It creates work opportunities. ✓
- It promotes the country's economic growth. ✓
- It stimulates the country's needs and wants. ✓

### 2.6 List four services that banks offer. *Lower order* (Any 4 × 1 = 4)

- cellphone and Internet banking
- bank balances
- bank statements
- payment to third parties
- exchange rate enquiries
- opening and closing accounts
- loan applications
- wills, financial planning and retirement planning.

**2.7 Explain the difference between a financial record and a financial transaction. Lower order** (2)

Financial records are records of the business's financial transactions. ✓  
Financial transactions are events at which buyers and sellers exchange assets for money. ✓

**2.8 Explain why businesses keep financial records. Lower order** (4)

Businesses keep financial records to prevent fraud ✓ and to provide documentation to the South African Revenue Services (SARS) ✓ that the earnings they have declared are correct ✓. It is illegal not to keep financial records of a business's earnings. ✓

## **Topic 7: Income and expenses**

### **Activity 3: Revise personal income and expenses**

**3.1 Name the three main sources of personal income.** (3)

*Lower order*

Cash flow from work ✓, cash flow from capital ✓, cash flow from land ✓

**3.2 Give four examples of personal expenses.** (Any 4 × 1 = 4)

*Lower order*

- accommodation expenses, such as home rental or bond payments
- utility expenses, such as water, electricity, telephone and refuse removal
- food costs
- travel costs, such as a car payment and petrol costs
- clothing costs
- medical expenses
- home, car and life insurance premiums
- entertainment expenses
- interest on debt such as credit cards and accounts

**3.3 Briefly describe a personal Statement of Net Worth.**

*Lower order*

It is a statement of your financial worth ✓ at a specific time. ✓

### **Activity 4: Revise the personal Statement of Net Worth**

**4.1 There are two types of assets. Name and describe them.**

*Middle order*

Current assets are assets that are generally not tangible ✓, and that can be converted into cash quite easily ✓, such as bank balances, investments, savings, policies and loans that people need to pay back to you. ✓

Non-current assets are generally things that you can touch ✓, such as property, jewellery, pieces of art, furniture, electronics, cars, boats and aircraft. ✓✓

**4.2 Define a current liability. Lower order** (2)

Current liabilities are debts ✓ that you must settle within a year. ✓

**4.3 Define a long-term liability. Lower order** (2)

Long-term liabilities are debts ✓ that you must settle in a period that exceeds a year. ✓

4.4 Once you have drawn up a personal Statement of Net Worth, which formula do you use to calculate your net worth? (3)

*Middle order*

Net worth = total assets – total liabilities

4.5 Draw up a personal Statement of Net Worth for Luxolo. He has a cellphone worth R450, R850 in the bank, clothing worth R2 000, a scooter worth R3 000, a computer worth R950 and he owes his mom R250. *Higher order* (18)

#### Statement of Net Worth for Luxolo

ASSETS ✓	✓7 250
Cellphone ✓	✓450
Bank ✓	✓850
Clothing ✓	✓2 000
Scooter ✓	✓3 000
Computer ✓	✓950
LIABILITIES ✓	✓250
Loans payable ✓	✓250
Net worth (7 250 – 250) ✓	✓7 000

#### Activity 5: Revise business income and expenses

5.1 Define royalties. *Lower order* (4)

Royalties are payments to a business ✓ for rights to use ✓ the intellectual property ✓, such as writing or music, that it owns. ✓

5.2 Define the term shareholder. *Lower order* (2)

A shareholder is an individual or business ✓ that has bought shares in a business. ✓

5.3 To which resource does the South African Royalty Bill apply?

*Lower order* (1)

South Africa's mineral resources ✓

5.4 Explain what a dividend is. *Lower order* (3)

Dividends are the amounts ✓ that businesses pay to their shareholders ✓ as part of the profits that the business has made. ✓

5.5 Give three examples of business income sources.

*Middle order* (Any 3 × 1 = 3)

- sales of goods, for example, a clothing shop that sells clothes
- sales of services, for example, a guest house selling accommodation
- interest, for example, a bank charging interest on money it lends to customers
- rental, for example, when a business owns property and rents it out to individuals or businesses
- royalties, which are payments to a business for rights to use the intellectual property, such as writing or music, that it owns
- dividends, which are the amounts that businesses pay to their shareholders as part of the profits that the business has made.



**5.6 Describe a business expense. Lower order** (2)

These are the expenses that businesses incur ✓ to keep running. ✓

**5.7 Name four types of business expenses.** (Any 4 × 1 = 4)

*Middle order*

- capital expenses, which are the costs of starting up the business
- staff salaries and wages
- renting or buying premises from which the business operates
- equipment such as ovens for a bakery, trucks for a removal company, or textiles for a clothing business
- raw materials for production
- office equipment such as computers, furniture and stationery
- tax on the business's income
- interest on loans or credit
- insurance
- research and development
- medical aid and pension fund contributions
- unemployment fund contributions
- education and training for staff
- utilities for the business premises, such as water, electricity, phone lines and Internet connections.

**5.8 Draw a mind map showing the differences between business income and business expenses. Higher order** (5)

Learners provide their own mind maps. The Business income section of the mind map groups the following:

- sales of goods, for example, a clothing shop that sells clothes;
- sales of services, for example, a guest house selling accommodation;
- interest, for example, a bank charging interest on money it lends to customers;
- rental, for example, when a business owns property and rents it out to individuals or businesses;
- royalties, which are payments to a business for rights to use the intellectual property, such as writing or music, that it owns; and
- dividends, which are the amounts that businesses pay to their shareholders as part of the profits that the company has made.

The Business expenses section of the mind map groups the following:

- capital expenses, which are the costs of starting up the business;
- staff salaries and wages;
- renting or buying premises from which the business operates;
- equipment such as ovens for a bakery, trucks for a removal company, or textiles for a clothing business;
- raw materials for production;
- office equipment such as computers, furniture and stationery;
- tax on the business's income;
- interest on loans or credit;

- insurance;
- research and development;
- medical aid and pension fund contributions;
- unemployment fund contributions;
- education and training for staff; and
- utilities for the business premises, such as water, electricity, phone lines and Internet connections.

Award marks for correct categorisation (2), logical layout (2) and branches off a central idea, namely Business income and expenses (1).

### **Activity 6: Revise savings and investments in businesses**

#### **6.1 Explain why it is important that businesses do not spend all of their income. *Middle order*** (5)

Businesses need to think about cash flow and their financial futures ✓ by saving money and investing some of their profits ✓. Savings and investments in businesses ✓ help to generate more income for businesses ✓ because of the interest they earn. ✓

#### **6.2 Describe how unit trusts work. *Middle order*** (4)

Individuals and small businesses can buy unit trusts through their banks ✓. The manager of the unit trust puts all of these smaller amounts of money together ✓ to make a larger amount ✓, and invests this amount as a trust made up of all of the investors. ✓

#### **6.3 Explain how savings and investments generate income for a business. *Lower order*** (1)

Savings and investments in businesses help to generate more income because of the interest they earn. ✓

#### **6.4 When a business invests money, why do we say that the money is 'tied up'? *Middle order*** (2)

When businesses invest money, they take it out of circulation for the duration of the investment ✓. This means that nobody in the business can access the money. ✓

#### **6.5 Name three examples of investment companies in South Africa. *Lower order*** (Any 3 × 1 = 3)

Old Mutual, Investec, Allan Gray Investments, Rand Merchant Bank, Liberty Life

#### **6.6 Explain why investments are usually medium or long term. *Middle order*** (2)

They increase in value ✓ over time. ✓

## Topic 8: Budgets

### Activity 7: Revise personal budgets

#### 7.1 Explain how personal budgets are related to personal net worth. *Middle order* (2)

You can use a personal budget to monitor ✓ and improve ✓ your net worth.

#### 7.2 Estimate your household's income and expenditure and draw up a personal budget based on your estimates. *Higher order* (10)

Learners use their own estimates and draw up a personal budget suited to their households. Not all households will want to share this private information, so tell learners that they can use estimated amounts if they cannot access the information or if they do not want to share this information with you.

### Activity 8: Revise business budgets

#### 8.1 Draw a template or framework for a business budget. (8) *Middle order*

Budget for [name] on [date] ✓	Budget (R) ✓
List of Income ✓	
Total income (A) ✓	
List of expenses ✓	
Total expenses (B) ✓	
Net profit/loss ✓ (A – B) ✓	

**8.2 Write notes on your framework, explaining what each of the columns and rows are for. *Middle order*** (8)

Learners explain the columns and rows as follows:

- Income: all the money the business receives ✓
- Total income (A): write the total of all the income ✓
- Expenses list: all the expenses of the business ✓
- Total expenses (B): write the total of all the expenses ✓
- Net profit/loss (A – B): subtract the expenses from the income and write the amount. A positive number shows a profit, ✓ a negative number shows a loss ✓
- Budget: put the figures that you budgeted for here ✓

**8.3 Explain how you would use the business budget to calculate a business's net profit or loss. (3) *Middle order***

You calculate this by using the formula: Total income ✓ less total expenses ✓ = net profit/loss ✓

**TOTAL MARKS: 171**

**Formal assessment**

For information on how to assess learners' assignments, controlled tests, examinations, case studies and projects, please see Section 3 of this Teacher's Guide.

**SECTION A***Learner's Book pages 100–104***QUESTION 1**

1.1 B

1.2 D

1.3 A

1.4 C

1.5 D

(5 × 2 = 10)

**QUESTION 2**

2.1 Budget: a list showing the money you expect to earn and the expenses you expect to have to cover within a specific period

2.2 Economic problem: the problem caused by the limited resources that are available to satisfy people's unlimited needs and wants

2.3 Consumer goods: goods that businesses manufacture for the mass market; goods that most people want, use and can afford.

2.4 Informal business: a business that is not taxed and is not monitored or regulated by the government

2.5 Accounting: the process of keeping a business's financial records so that other people in the business, as well as shareholders, know how the business is using its money

(5 × 2 = 10)

[20]

**SECTION B****QUESTION 3**

3.1 Goods: clothes, food, etc. ✓

Services: doctors, banks, restaurants, etc. ✓

(2)

3.2 To satisfy their needs and wants

(2)

3.3 Consumers use their money to pay for goods and services; and that money is used again to manufacture more goods and services.

(2)

3.4 Do not throw things away; rather give them to people who can use them or sell them to people who need them.

Do not buy new goods; rather buy used goods.

Do not replace goods that have been damaged or that are not working, rather have them repaired.

(3)

[9]

**QUESTION 4**

4.1 Services business

4.2 Hair salon; garden service

4.3 Trading business

4.4 Buys goods to sell for a profit

4.5 Manufactures goods

4.6 factories

(6 × 1 = 6)

[15]

**SECTION C**  
**QUESTION 5**

- 5.1 Asset
- 5.2 Equity
- 5.3 Capital
- 5.4 Fixed
- 5.5 Running/current
- 5.6 Long-term
- 5.7 Short-term/running/current
- 5.8 Expenses (8 × 1 = 8)

**QUESTION 6**

**MARADONNA'S NET WORTH STATEMENT FOR THE YEAR ENDED ON 29 FEBRUARY 2014**

<b>ASSETS ✓</b>	<b>✓</b>	<b>41 550</b>
Savings account		✓ 10 000
Clothes		✓ 4 000
Watch		✓ 2 750
Soccer shoes		✓ 1 000
Soccer ball		✓ 500
Laptop		✓ 8 000
CDs		✓ 300
Motorbike		✓ 15 000
<b>LIABILITIES ✓</b>	<b>✓</b>	<b>5 000</b>
Money owed to a retailer		✓ 3 000
Loan from father		✓ 2 000
<b>NET WORTH (41 550 – 5 000) ✓</b>	<b>✓</b>	<b>36 550</b>
<b>TOTAL NET WORTH and LIABILITIES ✓</b>		<b>41 550</b>

(17)

**SECTION D**  
**QUESTION 7**

- 7.1 Formal businesses pay tax on their profits and there is also strict legislation from government, e.g. mining/agriculture. (2)  
Informal businesses consist of small businesses that do not (usually) pay tax to the government, e.g. street vendors. (2)
- 7.2 The cost per employee who is infected with HIV/Aids is much higher for smaller than larger businesses. Smaller businesses do not have the means to replace skilled personnel, provide training or pay the higher medical expenses of personnel. (any ✓✓) (2)
- 7.3 Others factors also hamper growth in the informal sector, like family solidarity in Africa, which dictates that entrepreneurs must share what little profit they make with poorer relatives, due to the lack of a savings culture and the frivolous squandering of money on weddings and funerals. (3)
- 7.4 Infrastructure, training opportunities and advice (3)
- 7.5 More tax will be paid and this will increase government's ability to start its own HIV/Aids programmes and improve medical services. (3)

[15]

**TOTAL: 75 MARKS**

# TERM 3

## Topic 9

### Looking back, looking ahead

Learner's Book pages 106–108

Duration: 2 hours

#### Term and week/s

Term 3, Week 1

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will:

- revise what they learnt in Term 2
- get a brief glimpse of what they will learn in Term 3

### Teaching the topic

- This is an opportunity to consolidate what the learners learnt in the previous term. If learners are still struggling with some concepts, give them additional activities or revision activities to do. Those who understand the text well can help those who are struggling.
- Encourage learners to draw mind maps (similar to those drawn in this topic) to revise what they learnt in the previous term.
- Once you are comfortable that learners understand the content so far, you may continue with the overview of the new term.
- When revising the new term, do not go into too much detail – You need spend no more than 10–15 minutes on the overview.
- Mention to the learners that they may use the overview mind map provided, and add their own notes during the term so that they have a complete mind map of the term's work by the end of the term.

**Term and week/s**

Term 3, Weeks 2–3

**New words  
and concepts**entrepreneur;  
SMME; creative  
thinking; raw  
materials; market  
research**Curriculum and Assessment Policy Statement  
(CAPS) content**

In this topic, learners will learn about ENTREPRENEURSHIP.

They will look at:

- definition of an entrepreneur
- characteristics of an entrepreneur
- skills of an entrepreneur
- entrepreneurial actions of buying, selling, producing and making a profit

**Resources**

Gather news articles from the Internet, newspapers and magazines about entrepreneurship in South Africa and in other parts of the world. Remember that entrepreneurs are not only small business owners; some of the wealthiest people in the world are entrepreneurs, running huge conglomerates. South Africa's Mark Shuttleworth and the UK's Richard Branson are good examples of entrepreneurs.

Use local examples wherever possible. Make notes about the local businesspeople such as hawkers and stall owners, as well as about the owners of bigger businesses, who may have built their businesses from the ground up.

**Preparation**

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Anticipate the kinds of questions your learners will ask and equip yourself to answer them. You should know your learners well by this stage of the year.
- Use your school's media centre, the Internet and public libraries for research about entrepreneurship and entrepreneurial qualities. Read through the case studies in the Learner's Book and find other similar case studies if possible.
- Write some sample diary entries yourself for Activity 10.1, reflecting your learners' local contexts.
- Ensure that you give yourself enough time to gather the resources you need for each lesson.

**Teaching the topic**

There are 2 lessons in this topic.



Lesson	Week	Pages	Activities
2	2	97	10.1
3	3	97–98	10.2–10.4

## Lesson 2

- Start by looking at the photo and discussing the questions in the Learner’s Book page 109. Use Figure 10.2 in the Learner’s Book as a starting point for a discussion about entrepreneurship and small businesses. Ask the learners to give local examples of small businesses, and add your own examples.
- Discuss whether the learners think that the lives of these local small business owners are easy or difficult. Lead them towards appreciating that small business owners work very hard and have to be responsible for all aspects of their businesses. They often do not earn very much money.
- Ask the learners why they think small business owners do the work they do, if being an entrepreneur is so difficult. Learners must understand that South Africa has high levels of unemployment, and that people often cannot find jobs in established businesses. They have to make money in other ways.
- Now talk about entrepreneurs like Mark Shuttleworth and Richard Branson. Explain who these people are, and tell learners about how much they are worth, in monetary terms. Explain that entrepreneurship isn’t only about small businesses, and that many of the world’s largest businesses were built on entrepreneurial ideas. Entrepreneurs can potentially make a great deal of money and grow their businesses into multinational businesses.
- Use the articles and pictures you have found about entrepreneurship to enhance your discussion.
- Move on to discuss the characteristics of an entrepreneur, using the text in the Learner’s Book page 111.
- Ask the learners to think and talk about the characteristics they think people would need to be good entrepreneurs before you cover the Learner’s Book content. Use the previous discussion about entrepreneurship as a basis for this discussion.
- Work through the list, using your own examples and articles. Talk about why each characteristic is important for successful entrepreneurship.
- **Do Activity 10.1.**

## Lesson 3

- This week, you will cover the second half of Topic 10. Start by revising the list of entrepreneurial characteristics in the Learner’s Book page 111. You could have another class quiz in which you divide the class in half and ask learners to name as many entrepreneurial qualities as they can, with their Learner’s Books closed. Or you could ask each team to come up to the front and write the characteristics on the board, each team using a different colour.
- Read the case study of Herman Mashaba in the Learner’s Book pages 112–113. You may want to ask a strong reader to read it to the class for you.

- **Do Activity 10.2.**
- Now work through the case study of Thabang Molefi in the Learner's Book pages 113–114.
- Ask the learners if they know anybody like Herman Mashaba or Thabang Molefi. Let them tell the class about the entrepreneurs they know. Talk about the characteristics and skills that made Mashaba and Molefi successful entrepreneurs.
- **Do Activity 10.3.**
- Move on to the entrepreneurial actions of buying, selling, producing and making a profit in the Learner's Book page 114. Before you begin, ask learners to tell you what they think a day in the life of a local entrepreneur would be like. Choose any kind of entrepreneur with whom the learners would be familiar. Guide the learners to see that entrepreneurs must buy what they need to make or produce goods, sell these goods and then make a profit to cover their costs.
- Work through the example in the Learner's Book page 115 with the learners – the sandwich business. Talk about the illustrations in Figure 10.4 of the Learner's Book.
- Take the learners through each step in the Learner's Book pages 116–117 to conclude this topic.
- **Do Activity 10.4.**

## Answers

### Activity 10.1

**Do this activity every night before you go to bed for one week. Write down the personal qualities you showed during each day that you think would make you a good entrepreneur. Figure 10.3 in the Learner's Book shows an example of how Phumla, a Grade 7 learner, completed this activity for two days in the week.**  
*Higher order* (35)

Before the learners do this activity for homework, go through the illustrated diary entries in the Learner's Book with them. Learners' diary entries could look something like the illustration. If the entries are very different from your learners' local context, use some of the diary entries that you have written. Make sure that the learners' entries display an ability to integrate the information they have learnt about entrepreneurship and how it applies to their lives.  
(5 marks per diary entry × 7 days = 35)

### Activity 10.2

1. **Look at the list of characteristics that an entrepreneur needs in the Learner's Book page 111. Now name three of these characteristics that Herman Mashaba shows. Explain why you think he has these qualities.** *Middle order* (6)

Learners give their own characteristics and explanations. They could say, for example, that Mashaba takes risks, is confident and energetic. He works hard and is resourceful. He has a vision of success and never gives up, even when faced with adversity, such

as his factory burning down. They explain each characteristic they name, based on the case study information.

(✓ per characteristic; ✓ per explanation of characteristic)

- 2. List the challenges that Herman faced. Explain how he overcame them. *Higher order*** (5)

Herman faced challenges such as restrictive apartheid legislation, ✓ a lack of money ✓ and the destruction of his factory ✓. He also faced the challenge of producing a completely new type of hair-care good that no one else was making or using in South Africa ✓. He did not know if this idea would succeed or fail; ✓ however, he still persevered.

- 3. Write down all the entrepreneurial skills you identified in Herman's story. *Middle order*** (6)

Creative thinking ✓, planning ✓, finding opportunities ✓, being resourceful ✓, critical thinking ✓ and organising things ✓ well. Learners can include their own ideas of other skills as well. Encourage them to think creatively about Mashaba's skills.

### » Activity 10.3

- 1. Look at the list of characteristics that an entrepreneur needs in the Learner's Book page 111. Now name three of these characteristics that Thabang shows. Explain why you think she has these qualities. *Middle order*** (6)

Learners name any three characteristics they feel are relevant, and explain their choices.

(✓ per characteristic; ✓ per explanation of characteristic)

- 2. List the challenges that Thabang faced. Explain how she overcame them. *Higher order*** (4)

Thabang faced the challenges of struggling to find start-up capital ✓, and a target market that could not afford the services she originally offered ✓. She decided to use her own savings to open her spa and pay staff ✓. She also had to change her approach and become a herbalist so that she could offer affordable services. ✓

- 3. Write down all the entrepreneurial skills you identified in Thabang's story. *Middle order*** (6)

Creative thinking ✓, planning ✓, finding opportunities ✓, being resourceful ✓, critical thinking ✓ and organising things well. Learners can include their own ideas of other skills as well ✓. Encourage them to think creatively about Thabang's skills.

### » Activity 10.4

Learners do this activity with a partner.

- 1. As an entrepreneur, list what you need to think about when you buy goods for your business. *Lower order*** (3)

Entrepreneurs must make sure that they buy goods or raw materials at a low-enough cost that they can still sell for a profit. ✓

Entrepreneurs must also make sure that they buy good-quality goods or raw materials ✓. Customers would rather buy good-quality goods than poor-quality goods. ✓

**2. Now list what you need to think about when you *sell* goods in your business. *Lower order* (6)**

Entrepreneurs cannot sell their goods or services if nobody knows about them or if too few people want to buy them ✓. Before you start a business, it is important to find out what people want.

✓ You are identifying a want or need ✓. This process is called market research ✓. If you take time to do market research, you will have a better chance of making your business a success ✓.

You also need to know who your competitors are by finding out how many other businesses are providing the same or similar goods or services. ✓

**3. Name one important thing that entrepreneurs should do with the profits they make. *Lower order* (1)**

They need to invest some of this money back into the business so that the business can grow. ✓

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 10.1:** Take in the learners' entries and mark them. (35)

### Consolidation/extension

#### Consolidation

- **Explain what an entrepreneur is. Give an example from your area.**

An entrepreneur is a person with a business idea who then invests in, organises and runs a business, with the aim of making a profit. Usually, entrepreneurs take a risk to do this. Most entrepreneurs run small, medium or micro enterprises (SMMEs). Learners give a local example of their own.

- **Explain why people start their own businesses. Give three reasons why they might do this.**

People decide to start their own businesses for different reasons. There are high levels of unemployment in South Africa, which means many people are unable to find work. Many feel that the job they have doesn't pay them enough money, or that they work very hard, but the money they make always goes to the business that employs them. They may feel that their working conditions are bad, or that their job is boring. Then there are those who don't like working for a boss. They prefer to be their own boss instead. They also like to decide what work they do, when they do it and how they do it. Accept any other reasonable answers.

- **Explain outsourcing.**

When you outsource parts of your work, you give them to another person or business to do.

#### Extension

**Write down a business idea you might have. Then write down the characteristics and skills you think you have that would make you a good entrepreneur who could use this idea.**

Learners present a good business idea and the characteristics and skills they may have to implement such an idea. Look for creative ideas and a good match of skills and characteristics to these ideas. Encourage the learners to think of different approaches to small businesses.

## Topic 11

# Starting a business

Learner's Book pages 119–133

Duration: 4 hours

### Term and week/s

Term 3, Weeks 4–5

### New words and concepts

SWOT analysis;  
setting goals;  
SMART business  
goals; advertising;  
mass media; four  
Ps of marketing;  
variable cost; fixed  
cost; selling price;  
mark up

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about ENTREPRENEURSHIP.

They will look at:

- needs and wants of consumers
- analysis of strengths, weaknesses, opportunities, threats (SWOT)
- setting goals
- achieving goals
- the concept of advertising
- media used in advertising
- principles of advertising
- budget for Entrepreneur's Day
- use of recycled material; simple cost calculation – variable cost, fixed cost, selling price

## Resources

Find articles about starting a new business on the Internet and in magazines and newspapers. You could reuse some of the entrepreneurship articles you collected for Topic 10. You could also reuse the pictures you found for teaching needs and wants in Term 1.

Use an overhead transparency or a large sheet of newsprint on which to draw the SWOT analysis framework so that you can go through it with the learners.

You could also use the newsprint sheet or a whiteboard, or just chalk in different colours, to teach the section on SMART business goals.

Find many examples of advertisements: photos of billboard advertisements, magazines, newspapers, radio recordings, television recordings if possible, online advertising and text message advertising. Use advertisements for goods and services that will appeal to your learners. You know them well by this stage so tailor your examples to their local context. This section should engage the learners.

Bring old magazines and newspapers to class for learners to use for Activity 11.2. They may not have access to these at home and will need somewhere from which to source advertisement examples.

Prepare worked examples of cost calculations for the content on calculating Entrepreneur’s Day costs. Learners will need to do as many of these calculations as possible to practise them.

### Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Consider where you can make links between earlier topics to reinforce progression.
- Anticipate the kinds of questions and mindsets you will need to deal with in this topic. For example, privileged learners may have different ideas of Entrepreneur’s Day budgets than learners from less affluent backgrounds. Navigate these differences respectfully and sensitively.
- Formulate some of your own ideas for businesses that you can use to evaluate, using the SWOT analysis. Set some goals for these businesses so that you have extra examples to provide for the SMART goals section.
- Gather your resources and plan how you will integrate them into your teaching, especially for the advertising section. Decide how you will use your examples to illustrate your teaching in the most effective way.

### Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
4	4	102–103	11.1
5	5	103–104	11.2–11.7

### Lesson 4

- Start by revising needs and wants with the learners. Use some of the pictures you found to teach needs and wants in Term 1 to refresh the learners’ memories.
- Recap market research from Topic 10. Use the discussion questions in the Learner’s Book page 119 to explain that this is research that involves asking your target market what they want. This is the way to gain information that helps you decide what good or service to provide through your business.
- Move on to the SWOT analysis. Explain the value of such a tool for someone who is starting a business. Draw a framework diagram based on Figure 11.2 of the Learner’s Book on an overhead transparency or on a large sheet of newsprint or a whiteboard. Talk about the kinds of things you need to think about when you start a new business. Let learners mention things like competition from similar businesses that are already established, and other factors that may make it difficult to run the business.
- Introduce the concept of the SWOT analysis. Work through the sandwich business example from Topic 10 with the learners, completing your transparency or newsprint sheet as you go. Make

it clear that the SWOT analysis maps out things that could affect the success of a business.

- Move on to the text about setting and achieving goals in the Learner's Book page 122.
- Explain that without goals, a business cannot succeed or grow. Ask the learners to give some examples of their goals: these could be academic, sporting or cultural. Discuss how the learners plan to achieve these goals. Point out that a goal has to be defined in a certain way for it to be achievable. For example, a goal that does not specify how long you have to achieve it, is more difficult to achieve than a goal that does specify a time period.
- Discuss the flow chart in Figure 11.3 of the Learner's Book, explaining how to set SMART goals.
- Work through each aspect of SMART goals using the text in the Learner's Book pages 123–124.
- **Do Activity 11.1.**

## Lesson 5

- The advertising section should be fun to teach and should capture the learners' attention effectively. Use many examples that appeal to the learners' likes and tastes.
- Try to provide examples from as many different media as possible. Use the media centre to show television advertisements if possible, as well as online advertisements on websites.
- Use the photo in Figure 11.4 of the Learner's Book as a starting point for your discussion. Ask the learners to tell you where they see and hear advertising most often.
- **Do Activity 11.2.**
- Move on to media used in advertising. Ask the learners to consider the examples you showed them previously and to tell you how they think the advertising methods used differ. Lead them towards understanding that the advertisements were designed for different media.
- Link mass media back to mass marketing that you taught early in Term 1. Goods that are mass produced are also mass marketed.
- Ask learners to look around in their shopping districts and neighbourhoods and to find as many examples of advertising as they can. They could make brief notes on these for homework and discuss them at the next lesson.
- Move on to the principles of advertising. Emphasise that advertising costs money, so it must be effective and clear. Introduce learners to the four Ps of marketing, which are used when planning advertising.
- **Do Activity 11.3.**
- Work through the list of principles in the Learner's Book page 126. Look at some of the examples you have collected again and ask the learners to describe how the advertisements use the principles of advertising. They could state whether they think the adverts are successful or not and explain why.



- **Do Activity 11.4.**
- The final part of this topic prepares the learners for Entrepreneur's Day by looking at budgets, the use of recycled materials and simple cost calculations. Create some excitement around the approaching Entrepreneur's Day and encourage learners to invest effort in the day.
- Start by looking at budgets. Remind learners that they learnt about budgets in Term 2, Topics 6 and 8. Ask them to give a quick definition of a budget and to tell you what budgets can help you to do. Remind them that the purpose of Entrepreneur's Day is to make a profit, so careful budgeting is essential if they want to make any money.
- Look at the example budget in the spider diagram in Figure 11.6 of the Learner's Book. Encourage learners to think about their own business ideas in the context of this sample budget. Talk about the kinds of income and expenses the budget contains.
- **Do Activity 11.5.**
- In Grades 5 and 6, learners used recycled materials to make their display stands. They will do that again this year. Have a discussion about how the learners made their previous display stands. Talk about how well they worked and how they would like to improve them this year. Remind the learners that the more recycled materials they use, the fewer materials they will have to buy, which increases their profits.
- **Do Activity 11.6.**
- Use the above cost information to link to the next section – calculating variable cost, fixed cost and selling price.
- Work through the content in the Learner's Book page 130 on fixed costs and variable costs. Make sure that the learners know the difference. Do a class quiz by calling out kinds of costs, such as electricity and ingredients for a bakery, and ask learners to say whether the costs are fixed or variable. The group which calls out the most correct answers in the quickest time wins. Record all the quiz winners over the year and award the overall winners with a small prize at the end of the year.
- Explain how to calculate the total cost of making the item, the selling price and mark up, and how much it costs to make one item, using the example of Ayla and Amyoli.
- Do as many worked examples with the learners as possible. Use the examples that you prepared as resources for teaching this topic.
- **Do Activity 11.7.**

## Answers

### › Activity 11.1

1. **Explain why it is so important to set goals for your business. Lower order** (2)  
It is important to set goals to help your business succeed. ✓  
These goals should be specific, measurable, achievable, realistic and time-bound. ✓



2. **Draw a diagram that shows what a SWOT analysis is.**  
*Lower order* (4)

Learners should draw a diagram that looks something like this:

STRENGTHS ✓	WEAKNESSES ✓
OPPORTUNITIES ✓	THREATS ✓

3. **Give your own example of a realistic goal. Explain why it is realistic.** *Higher order* (2)

Learners give their own examples and explanations. Check that their examples are realistic and are goals that can be achieved in the real world. (✓ realistic goal; ✓ why it is realistic)

### » Activity 11.2

1. **Find two advertisements in an old magazine or newspaper. One advert should be for a good. The other advert should be for a service.** *Lower order* (2)
2. **Answer the following questions in your exercise book.**
  - a. **Who is each advertisement aimed at?** *Middle order* (1)
  - b. **What is the headline of each advertisement? What gives the advertisements their impact?** *Middle order* (2)
  - c. **Are there images in your advertisements? How do the images make the advertisements stronger?** *Middle order* (2)
  - d. **Analyse the words in the advertisements and explain how they sell the good and the service. What desires do they appeal to?** *Middle order* (2)
  - e. **Do the advertisements have slogans? How do the slogans help to sell the good?** *Middle order* (2)
  - f. **What are the differences between the advertisement for the good and the advertisement for the service?** *Higher order* (2)

Learners find and use their own examples of advertisements. If your learners are likely to have access to old magazines and newspapers that they can cut out from at home, ask them to find examples for homework. If not, bring old magazines and newspapers to class and give each pair a newspaper or magazine to look through. Allow them to remove two advertisements from the newspaper or magazine. Learners in well-resourced homes may want to print out online advertisements or take photos of billboard advertisements and print them out for this activity. Allow them to use any kind of advertisement they choose. Learners must show an understanding of whether the advertisements they have chosen are effective or not.

### » Activity 11.3

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Analyse the two businesses in the pictures in the Learner's Book.

1. Which business do you think uses the four Ps of marketing the best? *Middle order* (2)
2. Write some suggestions for how you think the business in the other picture can improve how it uses the four Ps. *Middle order* (4)

Learners discuss the two businesses in the pictures. They decide which business uses the four Ps of marketing the best and write down their suggestions for improving the marketing of the other business. (✓✓ selecting correct business; ✓ × 2 per suggestion)

### »» Activity 11.4

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You want to start a new car-wash business in a small town near one of the gates of the Kruger National Park. You want to wash tourists' cars when they come out of the park so that they can drive home in clean cars. Using the list of advertising principles above, say which advertising principles you will follow to make your car-wash business a success. *Higher order* (8)

Learners give their own answers, but should mention principles such as the following:

- The advertisements should appeal to the target market, the tourists who are leaving the Kruger National Park with dirty cars from driving on dirt roads. ✓ The target market is holidaymakers, many of whom are not from South Africa. ✓
- To choose the right kind of advertising for your business and budget, choose inexpensive advertising that tourists will remember, ✓ such as pamphlets and signs at some of the rest camps inside the park. ✓
- To provide clear information about your service, ✓ you could provide a map for tourists to find you, as well as your cellphone number. ✓
- To make sure that your advertisement is not ignored, you could use images of the Big Five, for example, and of muddied 4×4s, ✓ which tourists will remember from their recent trip to the park. ✓

### »» Activity 11.5

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Spend 10 minutes discussing the following questions.

1. List all the media that businesses use to advertise their goods and services, such as radio, television and billboards. Which media do you think are the most powerful? Give reasons for your answer. *Middle order* (5)
2. Discuss some of the ways in which adverts affect the decisions you make. *Higher order* (2)
3. Is it possible to ignore the messages from adverts? *Middle order* (1)

4. Has an advert ever made you feel that you aren't good enough? Explain how you dealt with the feeling and how you responded to the advert. *Higher order* (2)
  5. Have you ever tried to look like someone from an advert? *Lower order* (1)
  6. Name a few instances (if any) where an advert actually made you buy the good or service on offer. *Lower order* (2)
- Learners give their own answers in their discussions. Ensure that their answers are honest and creative.

### » Activity 11.6

Dineo and Shane are working together for Entrepreneur's Day this year. They are running a stand, called Stash It, that sells home-made cellphone covers. They have done some research on the costs they anticipate, and made the following notes:

- Fabric for cellphone covers R200
- Thread R30
- Decorative beads R50
- Needles for sewing R20
- Cord for cellphone covers for people to wear them around their necks R25
- Paint for leaflets, signage and to decorate stand R10
- Packaging R20
- Estimated sales R500

Draw up Stash It's Entrepreneur's Day budget. *Middle order* (13)

Stash It's Entrepreneur's Day budget looks like this:

Receipts ✓		Payments ✓	
Sales of cellphone covers	✓ R500	Fabric	✓ R200
		Thread	✓ R30
		Beads	✓ R50
		Needles	✓ R20
		Cord	✓ R25
		Paint	✓ R10
		Packaging	✓ R20
<b>Total receipts</b>	<b>✓ R500</b>	<b>Total payments</b>	<b>✓ R355</b>
<b>Total receipts – Total payments (cash surplus)</b>			<b>✓ R145</b>

### »» Activity 11.7

Read the information about Ayla and Amyoli's Entrepreneur's Day stand again. Can you think of any suggestions to give them about using recycled materials to make display stands for their goods? Have a class discussion about your ideas. *Middle order* (5)

Learners make creative suggestions about how Ayla and Amyoli can use recycled materials for their stand ✓. Discuss the concept of doing business in a sustainable way ✓ and ✓ remind learners that

using recycled materials means buying fewer materials. ✓ This brings total expenses down, which means more profits. ✓

### Activity 11.8

1. Give a brief explanation of each of the following terms.
  - a. **fixed costs** *Lower order* (2)  
The costs of producing goods that do not change, ✓  
no matter how many goods are produced. ✓
  - b. **variable costs** *Lower order* (2)  
The costs that do change ✓, according to how many goods a business produces. ✓
  - c. **selling price** *Lower order* (3)  
The price that a business sells goods for ✓. A good's selling price is its total cost ✓ plus the mark up. ✓
  - d. **cost per item** *Lower order* (1)  
The cost of producing one item or good. ✓
  - e. **mark up** *Lower order* (2)  
The cost that you add to a good's cost ✓ to make a profit. ✓
2. Suppose Waheeda and Fahiemah plan to make fudge to sell. They want to make R300 profit so that they can buy their mother a birthday gift.

- a. They have calculated that it will cost them R200 to make 20 bags of fudge. How much should they sell each bag for to make R300 profit? *Middle order* (3)

The total cost of producing the 20 bags of fudge is R200. If the girls want to earn an extra R300 profit, their selling price is calculated like this:

$$\begin{aligned}\text{Selling price} &= \frac{\text{total income}}{\text{number of goods}} \checkmark \\ &= \frac{\text{R500}}{20} \checkmark \\ &= \text{R25} \checkmark\end{aligned}$$

So, we can see that, to make R500 in total sales, the girls need to charge R25 for each bag of fudge.

- b. Calculate the mark up for each bag of fudge. *Middle order* (6)

Learners must first calculate how much it costs to make one item:

$$\begin{aligned}&\frac{\text{total cost}}{\text{number of goods}} \checkmark \\ &= \frac{\text{R200}}{20} \checkmark \\ &= \text{R10} \checkmark\end{aligned}$$

It will cost R10 to produce one bag of fudge. So, the mark up on the cost price is calculated like this:

$$\begin{aligned}\text{Mark up} &= \text{selling price} - \text{cost price} \checkmark \\ &= \text{R25} - \text{R10} \checkmark \\ &= \text{R15} \checkmark\end{aligned}$$

The mark up is R15 per bag.

3. Yun Ling and Marco want to make home-baked rusks for Entrepreneur's Day. Their budget shows that they can make 100 small packs of rusks for R300. They want to make a profit of R500 on the day. *Higher order*

a. Calculate the cost per item of a pack of rusks (3)

Total cost ÷ number of goods ✓

= R300 ÷ 100 ✓

= R3 ✓

It will cost R3 to make one pack of rusks.

b. If they want to make R500 on the day, what must they sell the packs for? (3)

Selling price = total income ÷ number of goods ✓

= R500 ÷ 100 ✓

= R5 ✓

To make R500, they need to sell each pack of rusks for R5.

c. Now, calculate the mark up that Yun Ling and Marco must add to their cost per item to make their R500. (3)

Mark up = selling price – cost price ✓

= R5 – R3 ✓

= R2 ✓

The mark up on each pack of rusks is R2.

### Informal assessment

**Activity 11.1:** Observe the learners as they work in pairs. See whether their approaches to pair work are progressing and maturing through the year. Make notes for future reference. (observation-based)

**Activity 11.2:** Ask the learners to make notes of their discussions to hand in to you. Mark the answers and provide feedback for each learner. (13)

**Activity 11.3:** Take in the learners' written suggestions and mark them. Provide feedback for each learner. (6)

**Activity 11.6:** Take in the learner's Entrepreneur's Day budgets and mark them. If there is time, allow them to swap budgets and peer-assess each other's work before you do so. (13)

**Activity 11.8:** Collect the learners' answers and mark them. (28)

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Consolidation

- **Explain what SWOT stands for in a SWOT analysis.**  
Strengths, Weaknesses, Opportunities and Threats
- **Explain SMART goals.**  
Goals that are specific, measurable, achievable, realistic and time-bound
- **Name any two principles of advertising.**
  - Make sure your advertisement reaches your target market. Remember, a target market is a group of customers towards who a business has decided to aim its marketing efforts and ultimately its goods or services.
  - Choose the right kind of advertising for your business and its budget. Television advertisements are very expensive, so if you are starting a small business, choose a cheaper form of

advertising such as leaflets or an advertisement on a small local radio station or in a community newspaper.

- Make sure your advertisement gives clear information about what your good or service is and where customers can buy your good or service. Also provide details of how they can contact you, as customers often like to find out more about what's on offer before deciding to buy.
- Advertising is everywhere and people are used to seeing so much of it that they often ignore advertising. Make sure you are noticed by making your advertisement stand out. Use colours and designs that people will remember, and make sure you repeat the name of your business so that people remember it.
- **Explain the difference between fixed costs and variable costs.**  
Fixed costs are the costs of producing goods that do not change, regardless of how many goods a business produces. Variable costs are the costs of producing goods that do change, according to how many goods a business produces.

### Extension

**You plan to sell herbs in small decorated recycled containers such as jars and tins for Entrepreneur's Day. You can find herbs for R5 each, and the ribbon you plan to buy to decorate the containers is R2,50 per metre. You think you will need about 10 metres of ribbon. There is good soil you can use in a public open space near your home. You want to make about 40 herb gifts and sell each gift at R10. You also need to advertise your stand. Draw up a budget for Entrepreneur's Day.** Learners' budgets will look something like this (allow for variation in ideas):

Receipts		Payments	
Sale of herb gifts (40 × R10)	R400	Recycled containers	R0
		Soil	R0
		Ribbon decorations for the gifts: 10 metres at R2,50 per metre	R25
		Herb plants: 40 at R5 each	R200
		Coloured paper for advertising leaflets	R15
		Paint for leaflets and stand decoration	R10
		Paper bags for packaging	R10
		Strong glue for display stand	R15
		Card for signage	R10
<b>Total receipts</b>	<b>R400</b>	<b>Total payments</b>	<b>R285</b>
<b>Total receipts – Total payments (cash surplus)</b>			<b>R115</b>

**Term and week/s**

Term 3, Weeks 6–7

**New words  
and concepts**potential buyers;  
price; product;  
place; promotion;  
Income and  
Expenditure  
Statement**Curriculum and Assessment Policy Statement  
(CAPS) content**

In this topic, learners will learn about ENTREPRENEURSHIP.

They will look at:

- hosting an Entrepreneur's Day
- Income and Expenditure Statement

**Resources**

Information about last year's Entrepreneur's Day at the school will be very helpful to refresh learners' memories and for discussion. If you have photos and notes to use, it would be ideal.

Gather photos of shop fronts and stalls at craft and flea markets and farmers' markets to give learners ideas about how to 'dress up' their stalls. Try to find pictures of stalls that use recycled materials.

The most important resource in this topic will be giving of your time and support to learners. They may need someone to discuss their ideas with and to ask for advice. Be as accessible as possible and help them to make their Entrepreneur's Day a success.

**Preparation**

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- You may want to visit small craft markets and flea markets in your area and see what is on offer there as ideas for the learners.
- If you don't have photos and notes from last year's Entrepreneur's Day to refresh learners' memories of the day, spend some time reflecting on how the day was managed. Analyse learners' performance and think about what they could do better this year. Consider what you could have done to improve your learners' understanding, execution and enjoyment of the day and also what you could do better this year.
- Plan time carefully during Weeks 6 and 7. Give instructions on what kind of time learners have during class for preparation and what will need to be done at home, according to the way your school usually runs Entrepreneur's Day.
- Plan how you will integrate your resources into your teaching.
- Gather information and photographs at this year's Entrepreneur's Day to use in your teaching next year.

## Teaching the topic

There are 2 lessons in this topic.

Lesson	Week	Pages	Activities
6	6	112–113	–
7	7	113	12.1

### Lesson 6

- Start by looking at the photo of a stand at an Entrepreneur's Day in the Learner's Book page 134.
- Use the photo as a starting point for your teaching this week. Talk to the learners about what they did last year, whether they think their projects were a success (earned a profit), whether they think they chose a suitable good and whether they enjoyed being creative entrepreneurs.
- Present some of your information about last year's Entrepreneur's Day. Discuss the successful entrepreneurs and what their secrets were, what they did to make good profits and the kinds of ideas they had. Show photos if you have any, and refresh the learners' memories of the day.
- Now get the learners motivated to start working on this year's Entrepreneur's Day by going over the preparation they will need to do. Plan this lesson to give the learners adequate time to think of ideas and do their preparation before the day.
- Work through the spider diagram in Figure 12.2 of the Learner's Book with the learners, showing them the breakdown of preparation tasks. Give the learners any information they need about your school's requirements for Entrepreneur's Day: what date it will be held, what sized groups the learners will work in, and where the learners can set up their stands, for example.
- **Do Activity 12.1.**
- Your school will have specific safety requirements too, that govern what goods the learners can make and sell. Make sure that learners are reminded of these requirements.
- Look at the mind map in Figure 12.3 of the Learner's Book about choosing a good or service. Remind the learners of these important considerations. Use examples from previous years' Entrepreneur's Days to show learners what kinds of ideas cost little to produce, but still made money and were in demand by other learners at the school.
- Encourage the learners to think up creative names for their stands. Use some clever and creative retail shop names that you have come across, and mention some of the better names from the stands in previous years' Entrepreneur's Days.
- **Do Activity 12.2.**
- Give the learners some guidance on the kinds of posters they can draw up to advertise their stands. Revise the content you taught on the principles of advertising in Topic 11. Make sure the learners are familiar with these so that they design and make effective posters.



- Show some effective retail advertising posters and posters from previous years' Entrepreneur's Days to consolidate the learners' knowledge.
- Work through the poster in Figure 12.4 in the Learner's Book that revises the design of a good advertising poster.
- Encourage learners to think of creative ways of advertising their goods directly. Ask them to brainstorm ways of doing this: performing short plays, writing their own songs, making up a dance, or using costumes are some ideas. The learners will no doubt have many others. Write down their ideas in a mind map on the board or on a large sheet of newsprint. You could also divide the class into groups for a group brainstorming session, and ask the groups to present their information to the class afterwards.
- Encourage them to evaluate their own skills and strengths for promoting their stands. For example, learners who write well but who are very shy and who struggle with public speaking would be better suited to writing a play for the rest of the group to perform.
- Ask the learners to analyse the display stands they made last year. They should say what worked well about the stands and what needed improvement. They can give some ideas about how to improve their stands this year. Show them the illustration in Figure 12.5 of the Learner's Book of the creative display stand made from recycled materials. If there is time, briefly remind learners of how important recycling is.
- Work through the text on calculating costs and selling prices, linking this content to Topic 11.
- Use the spider diagram in Figure 12.6 of the Learner's Book to give learners some ideas about how to source materials and produce goods.
- Remind the learners about the importance of placing and decorating their stands according to the four Ps of marketing.
- Give some pointers about what to do on Entrepreneur's Day to attract buyers by going through the text in the Learner's Book pages 138–139.
- Make sure you gather information and photographs of this year's event to use in your teaching next year. Take notes of your learners' stands and performance as you walk around the event.
- **Do Activity 12.3.**

### **Lesson 7**

- Use this week as an opportunity for learners to analyse their performance at Entrepreneur's Day and have them complete their Income and Expenditure Statements.
- Learners use the sample Income and Expenditure Statement in the Learner's Book page 141 to complete the statements for their stands.
- **Do Activity 12.4.**

## Answers

### > Activity 12.1

**Make a list of five people or businesses that you could potentially ask for an Entrepreneur's Day start-up loan. *lower order*** (5)

Learners will name different sources depending on their personal circumstances. They should name sources such as immediate family members (parents, caregivers or older siblings) ✓, extended family members (grandparents, uncles, aunts) ✓, community organisations such as religious communities ✓, community leaders or local celebrities ✓, and local businesses ✓.

### >> Activity 12.2

**Brainstorm some ideas for what to sell on Entrepreneur's Day, as well as some ideas about what you could name your stall. Give three examples of what to sell and three examples of catchy stall names. *higher order*** (6)

Learners give three workable ideas, such as a car-wash service, ✓ baked goods ✓ or temporary tattoos ✓, and three workable stall names that match their ideas. Award one mark for each stall name that is appropriate and catchy. ✓✓✓

### >>> Activity 12.3

**Evaluate the success of your Entrepreneur's Day initiative. Use the following checklist. *middle order*** (5)

Our stall:	Yes/No
was made of recycled material and looked eye-catching and inviting	
was based on an original and creative idea	
attracted a lot of attention	
sold most of what we made	
made a profit.	

Learners use the checklist to evaluate their Entrepreneur's Day initiative. Award one mark for each honest and realistic point in the checklist.

### >>> Activity 12.4

Learners do this activity in the same group as for their Entrepreneur's Day.

**1. List ten things you need to do to prepare for Entrepreneur's Day. *Middle order*** (10)

- Choose a good or service and give your venture a name. ✓
- Draw up a poster to advertise your venture. ✓
- Advertise your venture as a group. ✓
- Design and make a display stand for your goods. ✓
- Calculate production costs. ✓
- Calculate selling prices. ✓

- Source the materials for making your goods and make them. ✓
- Place and decorate your stand. ✓
- Sell your goods on Entrepreneur's Day. ✓
- Draw up an Income and Expenditure Statement at the end of the day. ✓

**2. Mention six ways in which you can source materials for making goods for Entrepreneur's Day. *Middle order* (6)**

- Make a list of all the materials you need, down to the last blob of glue. ✓
- Look around for the best prices for materials before you buy them. ✓
- Look for materials well ahead of time – if they are difficult to find you may need to order them, which could take time. ✓
- Make sure you stay within your budget – any extra money you spend will reduce your profits. ✓
- Set up a system for manufacturing your goods and assign different people in your group to different parts of the manufacturing process. Work together! ✓
- Do some time management – make sure you have enough time to finish manufacturing before the big day. Plan how many goods you need to make over how many days. If your goods are perishable, such as food, you will need to plan manufacturing carefully so that your goods are fresh on the day. ✓

**3. Explain why you need to draw up an Income and Expenditure Statement for your activities on Entrepreneur's Day.**

***Lower order* (3)**

You need to finalise your finances by drawing up an Income and Expenditure Statement ✓, so that you know whether you have made a profit or a loss. ✓ If you worked together with others, then any profits will need to be shared equally. ✓

**4. Use the following information to draw up an Income and Expenditure Statement for Eat It!, a stand that Selo and Tebogo are running. The stand sells snacks and drinks with an insect theme.**

*Spider biscuits*

Biscuit dough	R60
Icing sugar	R20
Black and red food colouring	R15

*Iced tea with floating beetles*

Rooibos tea bags	R40
Sugar	R15
Beetle sweets	R30

*Sausage snakes*

Chicken sausage, 2 packs	R30
Black peppercorns for snake eyes	R10

Cucumbers, 2, to use peels to cut  
into the shape of tongues R10

*Set-up costs*

Plastic spiders, worms, snakes  
for decoration R30  
Paint to make poster R10

**They sold everything they made on the day, for the following prices:**

**50 spider biscuits at R7 each**

**40 cups of beetle tea at R5 each**

**20 sausage snakes at R8 each**

**Draw up the Income and Expenditure Statement for their stand.**

*Higher order* (12)

The Income and Expenditure Statement for Eat It! is as follows:

Income ✓		Expenditure ✓	
Spider biscuits (50 × R7)	✓ R350	Materials for spider biscuits	✓ R95
Beetle tea (40 cups × R5)	✓ R200	Materials for beetle tea	✓ R85
Sausage snakes (20 × R8)	✓ R160	Materials for sausage snakes	✓ R50
		Set-up costs	✓ R40
<b>Total income</b>	<b>✓ R710</b>	<b>Total expenditure</b>	<b>✓ R270</b>
<b>Net profit/Loss</b>			<b>✓ R440</b>

**Consolidation**

- **Explain the aim of Entrepreneur's Day.**

Entrepreneur's Day is a chance to think creatively about ways of making money.

- **List three things you should think about when you choose a good or service to sell at Entrepreneur's Day.**

- What do the learners at my school want enough to spend their money on?
- What will make me money, without costing me a lot to produce?
- If I sell more than one good, will the goods complement each other, for example hot chocolate and rusks in winter?
- Will I give special offers, such as buy two, get one free?

- **Name the four Ps of marketing.**

- Price
- Product
- Place
- Promotion

### **Extension**

**Go to your local shopping area. Choose one of the stalls or businesses. It can be in a shopping centre or a market where informal traders sell their goods. Analyse the stall or shop, and write a report on the following:**

- a. How the business advertises its goods or services, what media it uses and how the branding, colours and text in the advertising material work to tell you about the business**
- b. How the display stands look, if the business uses any, and how they contribute to the overall look and feel of the business**
- c. Where you think the business gets its materials from to make its goods and how you think it could source its materials cheaply and wisely**
- d. How the business uses the four Ps of marketing.**

Learners choose their own business to analyse. Make sure they demonstrate the ability to analyse and combine information about what they observe and what they have learnt. They should be able to apply the knowledge they have to other contexts.

### **Formal assessment**

For information on how to assess learners' assignments, controlled tests, case studies and projects, please see Section 3 of this Teacher's Guide.

# Formal Assessment Task 3: Project

Learner's Book pages 143–144

Marks: 50

## Topic 11: Starting a business

Learners do this project on their own and as homework. They must prepare to start their own small businesses.

Give the learners plenty of notice for this project. It must be completed by Week 6 of this term, which is before Entrepreneur's Day. Begin each lesson, for the duration of the project, with a short session in which you answer questions and gauge how well the learners are progressing with their projects.

Learners work through the five steps below. They may decide which format they would like to use to present their information, but make sure that the projects show evidence of the completion of all five steps.

Allow for considerable flexibility in these projects. Since this will make your marking task more difficult, ensure that you allocate enough time to assess each project with the care it deserves.

### **Part 1: Think of a business idea and say how you are suited to carrying it out** (5)

- 1.1 What kind of business would you like to start? Think about your likes and dislikes, and about what you would like to do one day. Write down your ideas.
- 1.2 What entrepreneurial qualities do you have that would make you well-suited to running the business you want to start? Write down your ideas.

### **Part 2: Determine the needs and wants of consumers in your area** (10)

- 2.1 Think about whether your business will satisfy consumers' needs or wants.
- 2.2 Write down the wants or needs your business will satisfy.
- 2.3 Explain how the business will do this.
- 2.4 Write down some ideas about how you would do market research to determine the needs and wants of consumers in your area.

### **Part 3: Do a SWOT analysis and set goals for your business** (5)

- 3.1 Do a SWOT analysis of your business idea to map out the things that could affect the success of your business.
- 3.2 Set three SMART goals for your business.

#### **Part 4: Advertise your business**

**(10)**

Think of the best media to use to advertise your business, then design an advertisement for the media you choose. For example, if you choose print media, you could draw up an advertisement for a newspaper or magazine. If you choose the radio, write the script for your advertisement.

#### **Part 5: Put all of your information together**

**(20)**

5.1 You can put the information you have gathered for this project together in any form you would like. Be creative. You could use a poster, a report, a booklet, a model or an illustrated mind map, for example.

5.2 Compile all of your information in the format you have chosen.

5.3 Your teacher will display your projects in the classroom.

Use the following rubric to assess the projects. Consider preparing a short report of your own to return to each learner, so that your expertise contributes to their knowledge and they do not just get a percentage as feedback. Make suggestions about how they could improve and give positive feedback about areas they handled successfully. Value their input.

#### **Rubric**

<b>Rating code</b>	<b>Description of competence</b>	<b>Percentage</b>
7	Outstanding achievement: the learner had an excellent and viable business idea, and presented all of the information required creatively and attractively.	80–100
6	Meritorious achievement: the learner had a good and viable business idea, and presented all of the information required creatively and attractively.	70–79
5	Substantial achievement: the learner had a good business idea that had a fairly good chance of success, and presented most of the information required creatively.	60–69
4	Adequate achievement: the learner had a fairly good business idea, and presented some of the information required.	50–59
3	Moderate achievement: the learner had a business idea that was unlikely to work, and did not present all of the information required.	40–49
2	Elementary achievement: the learner's business idea was poor and only some of the required information was presented.	30–39
1	Not achieved: the learner did not submit the project, or submitted an incomplete version that was not thought through or presented well.	0–29

# Topic 13

## Inequality and poverty

Learner's Book pages 145–156

Duration: 4.5 hours

### Term and week/s

Term 3, Weeks  
8–10

### New words and concepts

inequality; poverty;  
socio-economic  
imbalances;  
standard of living;  
service delivery;  
SA Constitution;  
Bill of Rights;  
skills shortage;  
centralisation;  
learnerships;  
infrastructure;  
sustainability

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about THE ECONOMY. They will look at:

- causes of socio-economic imbalances
- inequality in South Africa
- education and skills to fight inequality and injustice
- urban and rural challenges
- creating sustainable job opportunities

### Resources

You should find many news articles about service delivery, the skills shortage, learnerships and socio-economic imbalances in South Africa in newspapers, magazines and on the Internet. Source photos that highlight these problems, such as photos of informal settlements, luxury hotels and expensive government functions and vehicles. Find pictures of rural and urban areas to show the differences between these areas.

Find additional information about the United Nations Millennium Development Goals (UN MDGs) at <http://www.un.org/millenniumgoals/>. Learners will probably take an interest in these goals and in what the countries of the world are doing to achieve them.

You may want to give the groups large sheets of newsprint for Activities 13.1 and 13.2. They can use these sheets for brainstorming and drawing mind maps of their discussions.

Access a copy of the SA Constitution at <http://www.info.gov.za/documents/constitution/1996/a108-96.pdf> to aid your teaching of inequality in South Africa.

Find out more about acid mine drainage for the section on urban and rural challenges.

### Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.



- Do your own research on the UN Millennium Development Goals (MDGs), Expanded Public Works Programme (EPWP), the skills shortage in South Africa, service delivery and socio-economic imbalances if you need to. This will allow you to teach more confidently.
- Plan the resources you will use and how you will integrate them into your teaching. Make an effort to source information that is relevant to learners' lives and futures as this will make the integration easier for you and them.
- Anticipate the questions about and attitudes towards this content that your learners will have. Think up strategies you can use to defuse any tension that may arise from discussing the effects of apartheid on education, poverty and skills in South Africa. Some learners may find it difficult to discuss socio-economic imbalances and poverty. Create an atmosphere of trust, respect and politeness in your classroom, so that learners can express their opinions without being judged or ostracised.
- Find out whether there are any Expanded Public Works Programme projects running in your area or province and get information about them.

## Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
8	8	121–122	–
9	9	122–123	13.1
10	10	123	13.2

## Lesson 8

- Start this topic by looking at the two photos in Figure 13.1 of the Learner's Book, which depict very different realities.
- Talk about how life would differ for the people who live in the two neighbourhoods. Be sensitive to the contexts of your learners.
- Work through the text in the Learner's Book page 146, and explain socio-economic imbalances and standard of living, using the photos in Figure 13.2 of the Learner's Book.
- Ask the learners what they think would have caused these imbalances. Work through the text in the Learner's Book page 147 to explain that apartheid discrimination caused these imbalances. Let the learners tell you what they know about apartheid.
- Ask the learners what they think could help to solve the imbalances. Lead them to see that education is one of the keys to redressing imbalances, but that education takes many years.
- Ask them what else could solve the problem of socio-economic imbalances. Talk about service delivery. Ask them if they are satisfied with the service delivery in their area, or if they have had experiences of poor service delivery and service delivery protests. Look at the photo in Figure 13.4 of the Learner's Book and talk about why people are angry about poor service delivery.

- If your class has learners from different areas, ask them to talk about their areas and about the differences in service delivery to the various areas. Learners who live in more affluent areas and who have not experienced poverty and poor service delivery will benefit from knowing what life is like in areas where service delivery is poor.
- Ensure that learners' discussions remain respectful and non-judgemental.
- Walk around the school grounds with the class for about 25–30 minutes, looking out at the areas that surround the school. If your area is safe enough, leave the school grounds and look at the surrounding areas. Talk about what you see. Focus on service delivery and socio-economic imbalances. Encourage learners to contribute and give possible solutions to the problems they see.

## Lesson 9

- This week, you will teach the sections on inequality in South Africa and on using education and skills to fight inequality and injustice.
- Start by talking to the learners about the SA Constitution. Ask them if they know what it is. Those who do know can explain it.
- Show the learners the Bill of Rights (Chapter 2 of the Constitution), in which it says that all South Africans are equal. Ask them if they think this is true, given what they learnt last week. Ask them to explain their answers.
- Talk about the poverty line. Use the current exchange rate to convert US\$1 to rands so that learners understand how little money one has to earn to live below the poverty line.
- Ask them if they know how much staple foods such as bread and maize meal cost. Let them realise how difficult it must be to feed one person on less than US\$1 a day. This does not include clothing and paying for adequate shelter.
- Talk about the efforts being made around the world in eradicating poverty. Introduce the UN MDGs. If your school has access to the Internet, let the learners do some of their own MDG research. Use the research information you have found to supplement your discussion here.
- Work through the spider diagram of the UN MDGs in Figure 13.5 of the Learner's Book.
- Ask the learners what they think has happened to the economy since the country became a democracy in 1994. Explain that it has grown substantially, however explain that inequality still persists. Use Table 13.1 in the Learner's Book page 149 as an example.
- Work through the text beneath the table that shows how the picture of inequality is changing.
- **Do Activity 13.1.**
- In the light of what the learners discussed in Activity 13.1, move on to teach the next section.

Use some of the news articles you have found to paint a picture of the skills shortage in South Africa. Look at the photo in Figure 13.6 of the Learner's Book to start your discussion.

- Ask the learners how they feel about the education they are receiving, if they think their schools are adequately resourced, and how they would change their school facilities if they could. They can make suggestions such as smaller classes, warmer or cooler classrooms, better bathrooms, a bigger library and access to computers as examples.
- Talk about the illustration in Figure 13.7 of the Learner's Book of the construction site and work through the text that introduces it. Then discuss the spider diagram in Figure 13.8 of the Learner's Book that gives areas of skills shortages in South Africa. Ask the learners what implications these skills shortages could have for their career choices in the future. Link this discussion to the government's skills development programmes and learnerships.

## **Lesson 10**

- Ask the learners to tell you how they think life is different in rural and urban areas. If your school is in a rural area, let the learners discuss how they think urban life is different, and vice versa.
- Ask them to say what they think the biggest problems are in cities (if your school is urban) and in rural areas (if your school is rural). Then let them talk about what they think the problems are of living in the other kind of area (urban learners talk about rural challenges, and vice versa).
- Use some of your articles and pictures of rural and urban areas to help the discussion along.
- Then work through the text on urban and rural challenges in the Learner's Book pages 152–154. Acknowledge the learners' contributions if they came up with any of the challenges discussed in the text. Talk about environmental problems such as acid mine drainage caused by industry in urban areas.
- Recap the content on the unemployment problem you taught in Topic 10 and earlier in this topic. Stress that job creation is very important for economic growth in South Africa.
- Ask the learners how they think jobs could be created in South Africa. Listen to all of their suggestions, writing them in a mind map on the board or on a large sheet of newsprint.
- Talk about sustainability in job creation. Remind the learners that they have heard of sustainability before in the context of sustainable resource use. Ask them to explain what they think sustainability is in the context of job creation.
- Use the information you found out about the EPWP projects running in your area or province. Use this information to give the content on sustainable job creation more immediacy and relevance to the learners' lives.
- **Do Activity 13.2.**

## Answers

### »» Activity 13.1

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1. **In your own words, explain what socio-economic imbalances are, giving examples. *Middle order*** (2)

Learners use their own words to explain that socio-economic imbalances are imbalances in people's access to resources ✓ such as housing, health, education and a decent standard of living. ✓

2. **Define the term 'poverty line'. *Lower order*** (2)

The line at which people earn US\$1 a day. ✓ It is considered to be the minimum amount of money that you can earn to provide for your basic needs. ✓

3. **Describe the type of standard of living people would have who live below the poverty line. *Higher order*** (6)

Learners give their own opinions. They should mention that people who live below the poverty line struggle to access food, clean water, sanitation, accommodation and healthcare on a regular basis. ✓ These people live from day to day, not knowing whether they will secure food for themselves ✓, and live in informal structures or on the streets ✓. They often do not have access to facilities for personal care, such as bathing and washing clothes ✓. They could also mention the difference between living below the poverty line in rural and urban areas – in rural areas, there is a chance for these people to feed themselves using subsistence farming, although they will not be able to afford fertilisers to keep the soil viable for long periods ✓. In urban areas, subsistence farming is not an option as there is no land ownership or access. ✓

4. **Give reasons why there is still inequality in South Africa, even though apartheid ended 18 years ago. *Middle order*** (3)

Socio-economic imbalances take a long time to balance out, ✓ mostly because education is the key to addressing them ✓ and it takes 12 years to educate one generation. ✓

5. **Discuss some of your own suggestions for reducing inequality in South Africa with your group. *Middle order*** (4)

Learners give their own suggestions. For example, they could say that wealth taxes and taxes on luxury items could be increased to redistribute more wealth to poor areas ✓; or that the government could invest more in social grants. ✓ Ideally, they should give suggestions that empower the economically marginalised ✓ such as rural women and the youth and increase their participation in the economy. ✓

### »» Activity 13.2

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1. **Define a skills shortage. *Lower order*** (2)

When there is a lack of certain skills, such as doctors, artisans, accountants, etc. in a country, ✓ which means people are not skilled enough to fill the more specialised jobs that are available. ✓

**2. Identify the areas in South Africa where skills shortages occur.**

*Lower order* (5)

Some examples are:

- Engineering ✓
- Management ✓
- Teaching ✓
- Medical services ✓
- Information and communication technology (ICT) services ✓

**3. Explain how skills development can help to fight inequality.**

*Middle order* (5)

Better education and skills allow people to access better jobs. ✓  
They earn more money ✓, and can educate themselves further ✓.  
The contributions they make to the workforce help the economy to grow. ✓ A stronger economy in turn means more jobs and better education. ✓

**4. Name two problems in rural areas and two problems in urban areas. Lower order**

(Any 2) (4)

Rural areas:

- low populations
- poor service delivery
- poor infrastructure because of the low population density
- lower incomes mean lower taxes and less money available to develop infrastructure
- decentralised political power means that rural people are easily forgotten
- fewer taxpayers.

(Any 2)

Urban areas:

- lack of infrastructure in townships which are far from workers' places of work
- unemployment
- overpopulation
- poor service delivery
- crime
- HIV/Aids
- environmental damage.

**5. Define sustainable job opportunities, giving some examples.**

*Middle order* (6)

Job opportunities that last for a long time ✓ and that are in economically and environmentally sustainable industries. ✓

Examples are:

- environmental jobs such as Working for Water jobs (Working for Water is the Department of Water Affairs' programme for getting rid of alien plants that use up water) ✓
- road-building jobs ✓
- community-based health jobs ✓
- early childhood development jobs. ✓

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

## Informal assessment

**Activity 13.1:** Observe how the learners handle group discussions. Check for progress and development and make notes of your observations for future reference. (observation-based)

### Consolidation

- **Explain the Expanded Public Works Programme (EPWP).**  
To create jobs, the government started the Expanded Public Works Programme in 2004. This programme targets unskilled and unemployed people. It provides them with jobs that don't require skills to do, and gives them training to develop their skills while they work. These workers can then move on to jobs that require more skills.
- **How much of the National Budget does South Africa spend on education?**  
About 20 per cent
- **Give the percentage of Grade 12 learners who passed the year in 2011.**  
70,2 per cent

### Extension

**Do your own research on the fields in South Africa in which there are skills shortages. Find out what you would need to study to work in those fields and what kind of work you would do in each one.**

- **Engineering**
- **Management**
- **Teaching**
- **Medical services**
- **Information and communication technology (ICT) services**

Learners do their own research on the fields in South Africa that have skills shortages.

# Revision Term 3

Learner's Book pages 157–160

- Before doing this term's revision, review all the topics in this term.
- Refer learners to the Study and Exam skills section at the end of the Learner's Book.
- Learners complete this activity on their own. This way they will see which sections they need to revise again.

## Topic 10: The entrepreneur

### Activity 1: Revise entrepreneurship

#### 1.1 Explain why entrepreneurs are important for economic growth. *Lower order* (3)

Their new ideas, new goods, services and technology ✓ create new markets ✓ and new jobs. ✓

#### 1.2 'Entrepreneurs need money to make money.' Explain this statement briefly. *Higher order* (5)

Entrepreneurs generally start new businesses. ✓ Businesses need start-up capital before they can start operating. ✓ It is often difficult for entrepreneurs to get start-up capital ✓ because investors don't know if their businesses are going to work ✓ and if they will be able to pay back the money they borrow. ✓

#### 1.3 Provide reasons why it is a good idea to help people start their own businesses in a country like South Africa. (5) *Middle order*

In South Africa, small businesses make up about 98% of all the businesses in the country. ✓ Small businesses employ more than half of the country's workers. ✓ In a country that has many jobless people ✓, it is a good idea to help people start their own businesses ✓. If these businesses grow, they will employ more people. ✓

#### 1.4 Give two reasons why people start their own businesses. (2)

*(Any 2) Lower order*

People decide to start their own businesses for different reasons. There are high levels of unemployment in South Africa, which means that many people are unable to find work. ✓ Many feel that the job they have doesn't pay them enough money, or that they work very hard but the money they make always goes to the business that employs them. ✓ They may feel that their working conditions are bad, or that their job is boring. ✓ Then there are those who don't like working for a boss. They prefer to be their own boss instead. They also like to decide what work they do, when they do it and how they do it. ✓

## Activity 2: Revise the characteristics of an entrepreneur

### 2.1 Give reasons why it is difficult to start a business. (4)

#### *Middle order*

Starting a business is very challenging. Entrepreneurs may find it difficult to get enough capital to start their business. ✓ They may need to spend a lot of time advertising or getting the community interested in the services they provide. ✓ They may also find that they are always busy with the core business as well as with finance, administration and marketing. ✓ It is difficult to run your own business, so you will do better if you have specific personal qualities. ✓

### 2.2 Name five characteristics of a good entrepreneur. (Any 5) (5)

#### *Lower order*

A good entrepreneur has these characteristics:

- Takes risks
- Is confident
- Is energetic
- Is a creative thinker
- Is curious
- Is good at planning
- Looks out for great opportunities
- Has a vision of success
- Is responsible
- Is resourceful
- Works hard
- Links up with people who think in the same way and who can help
- Thinks critically about challenges
- Tries out new ideas
- Is brave
- Has a good imagination
- Has lots of energy for all the long hours he or she needs to work
- Enjoys being with people
- Wants to serve others
- Never gives up!

### 2.3 List three skills of a good entrepreneur. (Any 3) *Lower order* (3)

Creative thinking ✓, planning ✓, finding opportunities ✓, being resourceful ✓, critical thinking ✓ and organising things well. ✓

### 2.4 Name the four actions you need to take to make money as an entrepreneur. (4) *Lower order*

To make money as an entrepreneur, you need to:

- buy goods or raw materials ✓
- produce goods ✓
- sell your goods or services ✓
- make a profit. ✓

### 2.5 Define the term 'market research'. *Lower order* (3)

Research that involves asking your target market ✓ what they want ✓. This information helps you to decide what good or service to provide. ✓



## Topic 11: Starting a business

### Activity 3: Revise the needs and wants of consumers and SWOT analysis

#### 3.1 Explain the difference between needs and wants.

*Lower order* (2)

Needs are things that people can't survive without. ✓ Wants are things that people would like to have, but don't have to have. ✓

#### 3.2 Explain why you need to analyse a business idea before starting a business. *Middle order* (2)

You do this to get more information about how your business will do ✓, and what you will need to look out for when you open the business. ✓ A good way of analysing your business idea is to use a SWOT analysis.

#### 3.3 What is a SWOT analysis? *Lower order* (4)

A SWOT analysis is an analysis ✓ of a business's Strengths, Weaknesses, Opportunities and Threats ✓. It helps anticipate ✓ and solve possible problems. ✓

#### 3.4 Describe what a SWOT analysis allows you to identify.

*Middle order* (2)

A SWOT analysis maps out the things that could affect the success of a business. ✓ It allows you to identify areas you need to work on (threats and weaknesses) and areas you need to emphasise (strengths and opportunities). ✓

### Activity 4: Revise setting and achieving goals

#### 4.1 What are SMART goals? *Lower order* (5)

Goals that are Specific ✓, Measureable ✓, Achievable ✓, Realistic ✓ and Time-bound. ✓

#### 4.2 Explain why goals need to be SMART. *Lower order* (1)

It is difficult, and can even be impossible, to achieve goals that are not SMART. ✓

#### 4.3 Give an example of a specific goal. Why is it specific?

*Middle order* (2)

Learners give their own examples ✓ and explain their choices. ✓

#### 4.4 Give an example of a measurable goal. Why is it measurable?

*Middle order* (2)

Learners give their own examples ✓ and explain their choices. ✓

#### 4.5 Give an example of an achievable goal. Why is it achievable?

*Middle order* (2)

Learners give their own examples ✓ and explain their choices. ✓

#### 4.6 Give an example of a realistic goal. Why is it realistic?

*Middle order* (2)

Learners give their own examples ✓ and explain their choices. ✓

#### 4.7 Give an example of a time-bound goal. Why is it time-bound?

*Middle order* (2)

Learners give their own examples ✓ and explain their choices. ✓

## Activity 5: Revise advertising

### 5.1 Explain why you need advertising when you start a business.

*Lower order* (1)

To tell people about your business. ✓

### 5.2 Define advertising. *Lower order* (3)

Advertising is a very important marketing tool. ✓ It tells people about where they can access your goods or services ✓ and what those goods or services are. ✓

### 5.3 Describe what advertisements do. *Middle order* (4)

Advertisements are important for getting people to buy your goods and services. ✓ They send a message to people ✓ that persuades them to buy your goods or services ✓ over other businesses' goods or services. ✓

### 5.4 What are advertising media? Give three examples.

*Lower order* (5)

Advertising media are the ways in which businesses convey their advertising messages. ✓ Many businesses advertise in print, but also use other media to promote their goods and services. ✓ These media include television, ✓ radio, online advertising ✓, billboards ✓, magazines ✓, newspapers ✓, websites ✓ and text messages. ✓ (Any three examples)

### 5.5 Define mass media. *Lower order* (2)

Advertising media that target and reach large numbers of people ✓, such as television, magazines, newspapers and the radio, are called mass media. Mass media are expensive ways of advertising, so small businesses generally don't use them. ✓

### 5.6 Name three principles of advertising. (Any 3) *Lower order* (3)

- Make sure your advertisement reaches your target market. For example, if your target market consists mainly of teenagers, use advertising media such as television and text messages instead of the newspaper or news magazines, which not many teenagers read. ✓
- Choose the right kind of advertising for your business and its budget. Television advertisements are very expensive, so if you are starting a small business, choose a cheaper form of advertising such as leaflets or an advertisement on a small local radio station or in a community newspaper. ✓
- Make sure your advertisement gives clear information about what your good or service is and where customers can buy your good or service. Also provide details of how they can contact you, as customers often like to find out more about what's on offer before deciding to buy. ✓
- Advertising is everywhere and people are used to seeing so much of it that they often ignore advertising. Make sure you are noticed by making your advertisement stand out. Use colours and designs that people will remember, and make sure you repeat the name of your business so that people remember it. ✓

## Activity 6: Revise budgeting and preparing for Entrepreneur's Day

### 6.1 Describe a budget. *Lower order* (4)

A budget is a list showing the money you expect to earn (receipts) ✓ and the expenses you expect to have to cover (payments) ✓ within a specific period. ✓ It is a way of planning for what you are going to spend, save or borrow. ✓

### 6.2 Name three things you will need to include in your Entrepreneur's Day budget. *Lower order* (3)

- Materials for making your good or providing your service (for example, card for making bookmarks; ingredients for making food; shoe polish and brushes for providing a shoe-polishing service; car shampoo, buckets and sponges for providing a car-wash service) ✓
- Materials for making your display stand (most of these will be recycled materials, but you may need to buy materials such as glue or nails to put it together) ✓
- Materials for decorating your stand (for example, cardboard for the name of your venture; glue and stationery for making a poster; fabric for making tablecloths for your table)
- Materials for advertising (for example, paper and so on for posters and leaflets; photocopying costs). ✓

### 6.3 Draw up a budget for selling a good or service of your choice at an Entrepreneur's Day. *Higher order* (10)

Learners use their own goods as an example and present a budget that is laid out as follows:

Receipts ✓		Payments ✓	
Sales of bookmarks and cards	R500	Coloured card for bookmarks and greeting cards	R50
		Paper glue	R15
		Decorations for the cards and bookmarks: sequins, buttons, ribbon, glitter and stickers	R50
		Craft magazine for creative ideas about making cards and bookmarks	R20
		Coloured paper for advertising leaflets	R15
		Paint for leaflets and stand decoration	R10
		Paper bags for packaging	R10
		Strong glue for display stand	R15
		Card for signage	R10
<b>Total receipts ✓</b>	<b>R500 ✓</b>	<b>Total payments ✓</b>	<b>R195 ✓</b>
<b>Total receipts – Total payments (cash surplus) ✓</b>			<b>R305 ✓</b>

Two marks for specific items.

**6.4 Explain why it is a good idea to use recycled materials if possible to make your Entrepreneur's Day goods and display stand. *Middle order*** (4)

It is good for the environment ✓ and the more recycled materials you use, the fewer materials you need to buy ✓. This brings your total expenses down, ✓ which means more profits. ✓

**6.5 Define fixed costs. *Lower order*** (3)

A business's fixed costs are the costs of producing goods ✓ that do not change, ✓ regardless of how many goods it produces. ✓

**6.6 Define variable costs. *Lower order*** (3)

A business's variable costs are the costs of producing goods ✓ that do change ✓ according to how many goods it produces. ✓

**6.7 Explain what a selling price is. Show the formula.**

*Lower order* (4)

The selling price is the price that a business sells goods for. ✓

A good's selling price is its total cost plus the mark up. ✓

Selling price = cost price + mark up ✓ ✓

## **Topic 12: Entrepreneur's Day**

### **Activity 7: Revise hosting Entrepreneur's Day and the Income and Expenditure Statement**

**7.1 List the ten steps you need to take to prepare for**

**Entrepreneur's Day. *Lower order*** (10)

- Choose a good or service and give your venture a name. ✓
- Draw up a poster to advertise your venture. ✓
- Advertise your venture as a group. ✓
- Design and make a display stand for your goods. ✓
- Calculate production costs. ✓
- Calculate selling prices. ✓
- Source the materials for making your goods and make them. ✓
- Place and decorate your stand. ✓
- Sell your goods on Entrepreneur's Day. ✓
- Draw up an Income and Expenditure Statement at the end of the day. ✓

**7.2 Name five things you should consider when you design a poster to advertise your stand. *Lower order*** (5)

- It must give your target market information about your good and where to find your stand on the day. ✓
- It must be eye-catching, interesting and creative. ✓
- The colours it uses must be part of your good's overall look. (If your packaging and stand are going to be mostly red, don't make your poster mostly blue. Use colour as part of your good's identity.) ✓
- Only use words and pictures that you need (too much clutter can make people lose interest). ✓
- Make sure it's eye-catching from a distance. ✓

**7.3 Explain the aim of Entrepreneur's Day. *Lower order*** (2)

To let you think creatively ✓ about ways of making money. ✓

**7.4 Write a paragraph explaining what you need to think about when you design a display stand for your Entrepreneur's Day goods. *Middle order*** (10)

Try to make a display stand that shows off your goods in the best possible way. ✓ Your display stand will help to attract potential buyers to your stand on the day. ✓ Make sure that it won't fall over when people take goods off it to look at. It must be: ✓

- strong ✓
- well-balanced, even when some of the goods have been removed from it ✓
- able to show all your goods so that none are hidden behind other goods ✓
- attractive to look at ✓
- made of recycled materials if possible. This will save the environment and save you money! ✓

Remember to plan the design of your stand properly before you start to make it. ✓ Test the materials you want to use. For example, if you plan to sell cups of hot chocolate, the stand must be very steady so the hot chocolate won't spill. If you plan to sell a heavier good, such as pot plants, the stand must be strong enough to hold your goods' mass. Be creative! ✓

### **Topic 13: Inequality and poverty**

#### **Activity 8: Revise socio-economic imbalances**

**8.1 Explain what socio-economic imbalances are. *Lower order*** (3)

Socio-economic imbalances are imbalances ✓ in people's access to resources ✓ such as housing, health, education and a decent standard of living. ✓

**8.2 Briefly describe what caused the socio-economic imbalances in South Africa. *Middle order*** (3)

The cause of these imbalances is apartheid. ✓ Apartheid discriminated against people on the basis of race. Apartheid law prevented black, coloured and Indian people from getting a good education. This meant that these people did not develop the skills to get good jobs. So, they could not afford to access good healthcare or to educate their children. ✓ They were not allowed to work in certain positions or live in certain areas. The standard of living for them and for their children stayed low, and there was no way for them to improve their lives and access better services. This is because it was illegal for them to do so. ✓

**8.3 Briefly describe a neighbourhood in which people have no access to socio-economic resources. *Higher order*** (4)

Learners give their own creative descriptions of neighbourhoods with no services, ✓ such as proper housing, running water, clinics and legal electricity. ✓ Many of the people in this neighbourhood would not have jobs and could not afford education. ✓ The standard of living would be very low. ✓

**8.4 Define the term 'standard of living'. *Lower order*** (3)

It describes people's access ✓ to things such as goods and services ✓ that make life more comfortable. ✓

- 8.5 Explain why there are still socio-economic imbalances in South Africa after apartheid. *Middle order*** (2)  
Socio-economic imbalances take a long time to balance out, ✓ mostly because education is the key to addressing them and it takes 12 years to educate one generation. ✓

**Activity 9: Revise inequality in South Africa**

- 9.1 What is the poverty line? *Lower order*** (4)

The poverty line is the line ✓ at which people earn US\$1 a day. ✓ It is considered to be the minimum amount of money ✓ that you can earn to provide for your basic needs. ✓

- 9.2 Explain what the Millennium Development Goals are, and how they help to fight inequality. *Middle order*** (9)

These are international development goals that aim to do the following by 2015: ✓

- End poverty and hunger. ✓
- Get education for everyone. ✓
- Fight for gender equality. ✓
- Improve child health. ✓
- Improve maternal health. ✓
- Fight HIV/Aids. ✓
- Make our lives more environmentally sustainable. ✓
- Work together as global partners for development. ✓

- 9.3 Explain why incomes are so different in South Africa. *Middle order*** (3)

This is because black, coloured and Indian people ✓ were denied access to resources ✓ such as jobs and training during apartheid. ✓

- 9.4 List the most important ways of fighting inequality and injustice. *Lower order*** (2)

Education ✓ and skills development ✓

- 9.5 Define a skills shortage. *Lower order*** (2)

It is a lack of certain skills, such as doctors, artisans, accountants, etc. in a country, ✓ which means people are not skilled enough to fill the more specialised jobs that are available. ✓

- 9.6 In which areas are there skills shortages in South Africa? *Lower order*** (5)

- Engineering ✓
- Management ✓
- Teaching ✓
- Medical services ✓
- Information and communication technology (ICT) services ✓

- 9.7 Explain why skills shortages are bad for economic growth. *Middle order*** (5)

Businesses cannot grow ✓ because they do not have enough skilled workers. ✓ They cannot employ more people ✓ and contribute more to the country's economy, ✓ so the economy does not grow. ✓

**9.8 Which Act did the government pass to address skills shortages?**

*Lower order* (1)

The Skills Development Act ✓

**9.9 Describe what learnerships are. Lower order** (2)

Learnerships are when you work for a business ✓ and get training for your job at the same time. ✓

**Activity 10: Revise urban and rural challenges and sustainable job opportunities**

**10.1 What percentage of South Africans lived in urban areas in 2010? Lower order** (1)

62 per cent ✓

**10.2 Give two reasons why there are inequalities between rural and urban people in South Africa. (Any 2) Middle order** (2)

Rural people and their agricultural economies are seen as less important than urban people and their industrial economies. ✓

It is also more difficult for the government to provide services to rural areas, where people are spread out over large distances. ✓

There are fewer taxpayers in rural areas because the population density is so low. ✓ And rural workers generally earn less than urban workers. So, there is less money available for developing rural areas. ✓

**10.3 Briefly explain why rural people and their agricultural economies are seen as less important than urban people and their industrial economies. Lower order** (2)

It is easier for politicians to forget about rural populations. ✓

So, political power gets centralised in the urban populations of the cities. ✓

**10.4 What percentage of poor South Africans lives in rural areas? Lower order** (1)

70 per cent ✓

**10.5 Where is there more likely to be environmental damage caused by people – in rural or urban areas? Give reasons for your answer. Lower order** (2)

In urban areas, ✓ because industry is generally more damaging to the environment than activities in rural areas. ✓

**10.6 Define a sustainable job opportunity. Lower order** (2)

A job opportunity that lasts for a long time. ✓ ✓

**10.7 Name the government programme that aims to create jobs for unskilled and unemployed South Africans. Lower order** (1)

The Expanded Public Works Programme (EPWP) ✓

**TOTAL MARKS: 195**

**Formal assessment**

For information on how to assess learners' assignments, controlled tests, case studies and projects, please see Section 3 of this Teacher's Guide.



**SECTION A****QUESTION 1****[14 marks; 13 minutes]****TASK**

Read the following statement and answer the questions that follow.

‘Promoting entrepreneurship in South Africa will reduce unemployment.’

- 1.1 Explain entrepreneurship. (3)
  - 1.2 Explain why unemployment will reduce if entrepreneurship is promoted in South Africa. (2)
  - 1.3 Give THREE characteristics of a good entrepreneur. (3)
  - 1.4 Define the following terms:
    - 1.4.1 Market research (2)
    - 1.4.2 Competitors (2)
    - 1.4.3 Profit (2)
- [14]

**QUESTION 2****[10 marks; 9 minutes]****TASK**

Read the following statement and answer the questions that follow.

‘You would like to start your own business. Market research has shown the needs and wants of your potential consumers. A SWOT analysis has also been done regarding your business idea.’

- 2.1 List FIVE types of business goals that you would like to achieve. (5)
  - 2.2 List TWO principles of advertising that you need to apply to ensure that you reach your goals. (2)
  - 2.3 Give THREE ways in which you can advertise your business. (3)
- [10]

**QUESTION 3****[6 marks; 5 minutes]****TASK**

Read the following statement and answer the questions that follow.

‘South Africa’s history of apartheid has led to inequalities in people’s access to resources.’

- 3.1 State what these inequalities are called. (2)
  - 3.2 Give TWO reasons why there are still inequalities in South Africa, even after apartheid. (4)
- [6]



**SECTION B**  
**QUESTION 4**  
**TASK**

**[18 marks; 16 minutes]**

Read the following case study and answer the questions that follow.

Roger Federer owns a small shop in the Welgeleë Shopping Centre that specialises in buying and selling computer games. He is highly motivated and has a solid client base as he is always willing to find new games for his clients. Roger has no experience when it comes to accounting and therefore he has to appoint a bookkeeper. In order to keep his prices as low as possible, he has to add a 30% mark up to the cost price of each game.

The management of the Welgeleë Shopping Centre has offered Roger larger premises from where he can run his business. He has been informed that PNA and Checkers will also be selling computer games.

- 4.1 Explain what SWOT stands for in a SWOT analysis. (4)
- 4.2 Prepare a SWOT analysis for Roger. Show two aspects under each element. (8)
- 4.3 List ONE element of the SWOT analysis that Roger has control over and ONE element that he has no control over. (2)
- 4.4 List TWO things that Roger can do so that he doesn't lose his clients to PNA and Checkers. (2)
- 4.5 What is the biggest disadvantage for Roger's business if he moves to larger premises? (2)
- [18]

**QUESTION 5**

**[19 marks; 17 minutes]**

Sibu runs a pizzeria in a local shopping complex. He did not have the opportunity to study EMS at school and has asked you to help him calculate his costs. The information below refers to the Hawaiian pizza that he sells.

- 5.1 Explain to Sibu what variable costs are. (2)
- 5.2 Calculate the costs of making one pizza, keeping the following in mind: (6)

INGREDIENTS	COSTS
Pizza bases	R28 for 4
Cheese	R70 per kg (each pizza requires 100 g)
Tomatoes	R10 per can (one can makes two pizzas)
Ham	R100 per kg (each pizza requires 50 g)
Pineapple	R12 per can (one can makes six pizzas)

- 5.3 Calculate the labour costs per pizza by using the following information:
- There is one employee who earns R60 per hour.
  - It takes 10 minutes to make one pizza. (2)
- 5.4 Explain to Sibu what fixed costs are. (2)
- 5.5 List TWO fixed costs that Sibu probably has. (4)
- 5.6 If Sibu sells one pizza for R52, what is his mark up? (3)  
Show your calculation. (3)
- [19]

**SECTION C**  
**QUESTION 6**  
**TASK**

[13 marks; 12 minutes]

You and a friend would like to sell hotdogs at your school's Entrepreneur's Day. You have calculated the costs of the ingredients required to make one hotdog and to wrap it. You are planning to sell 30 hotdogs for R10 each at the Entrepreneurs Day. Use the following information to answer the questions.

Roll	R1,50
Margarine	50 cents
Tomato sauce	50 cents
Vienna	R3,00
Wax paper for wrapping each hotdog	50 cents

- 6.1 Calculate your income for Entrepreneurs Day. (2)
- 6.2 Calculate your expenses for Entrepreneurs Day. (2)
- 6.3 Calculate your profit for Entrepreneurs Day. (2)  
There are four Entrepreneur's Days per month. Each time it costs you R5 to rent a stall from the school.
- 6.4 Calculate your income for the month. (2)
- 6.5 Calculate your total expenditure for the month. (3)
- 6.6 If you and your friend would like to share the profit equally, calculate what each of you will receive? (2)
- [13]

**SECTION D**  
**QUESTION 7**  
**TASK**

[20 marks; 18 minutes]

Answer the questions that follow.

- 7.1 Explain the main reason for inequalities and unfairness in South Africa. (2)
- 7.2 Name the areas where South Africa has a shortage of skills. (4)
- 7.3 Compare rural areas to urban areas under the following headings:
- 7.3.1 Number of people or population
  - 7.3.2 Service delivery
  - 7.3.3 Infrastructure (12)
- 7.4 Give an explanation for sustainable job opportunities. (2)
- [20]

**TOTAL: 100 MARKS**

## SECTION A

### QUESTION 1

- 1.1 Entrepreneurship is to invest, organise and run your own business, accepting the risks involved, with the main objective being to make a profit. (3)
- 1.2 When we promote entrepreneurship, more people will start their own businesses. This will make them economically independent and active. They will provide work for themselves as well as for other people, which will reduce unemployment. (2)
- 1.3 Takes risks; confident; energetic; creative thinker; curious; good at planning; looks out for great opportunities; has a vision of success; is responsible; is resourceful; works hard; links up with people who think in the same way and who can help; thinks critically about challenges; tries out new ideas; is brave; has a good imagination; has lots of energy for all the long hours he or she needs to work; enjoys being with people; wants to serve others; never gives up (any ✓✓✓) (3)
- 1.4.1 Market research: research that involves asking your target market what they want. The information will help you to decide what good or service to provide. (2)
- 1.4.2 Competitors: businesses that offer the same good or service as you do in the same area (2)
- 1.4.3 Profit: when a business sells a good or service for more money than it costs to produce and sell that good or service (2)
- [14]

### QUESTION 2

- 2.1 Specific goals, measurable goals, achievable goals, realistic goals, time-bound goals (5)
- 2.2 Ensure that the advertisement reaches your target market; choose the right kind of advertising for your business and your budget; the advertisement must give clear information about your good or service; make your advertisement stand out. (any ✓✓) (2)
- 2.3 Television, newspapers, radio, magazines, notice boards, homepages on the Internet (any ✓✓✓) (3)
- [10]

### QUESTION 3

- 3.1 Socio-economic inequalities/imbances (2)
- 3.2 Many South Africans have been denied their socio-economic rights such as a good education.  
The poor service delivery of the government/state with regards to sanitation and housing  
Many South Africans live under the poverty line.

Income has not been divided equally among all the population groups in South Africa. (any 2 × 2 = 4)  
 [6]  
 [30]

**SECTION B**  
**QUESTION 4**

- 4.1 Strengths: Strong points; Weaknesses: Weak points; Opportunities: Chances; Threats: Risks (4)
- 4.2 STRENGTHS: Motivated; solid client base  
 WEAKNESSES: No knowledge of accounting; mark up is too low  
 OPPORTUNITIES: Opportunity to expand; sell more products  
 THREATS: Other shops that sell the same product at a lower price (4 × 2 = 8)
- 4.3 Control: Strengths/Weaknesses ✓  
 No control: Opportunities/Threats ✓ (2)
- 4.4 Stock a larger variety of games; give a more personal service and better advice (any 2 × 1 = 2)
- 4.5 Rent will increase; other costs will increase. (1 × 2 = 2)  
 [18]

**QUESTION 5**

- 5.1 These are costs that change according to how many goods a business produces. Variable costs increase when more goods are produced and decrease when fewer goods are produced. (2)
- 5.2 Pizza base R7 ✓  
 Cheese R7 ✓  
 Tomatoes R5 ✓  
 Ham R5 ✓  
 Pineapple R2 ✓  
**TOTAL FOR ONE PIZZA:** R26 ✓ (6)
- 5.3  $R60 \div 6 = R10$  per pizza (2)
- 5.4 These are costs that you have to pay each month and that do not change, regardless of how many goods are produced (2)
- 5.5 Rent for the shop; salaries and wages for employees (2 × 2 = 4)
- 5.6 Mark up = selling price – cost price  
 = R52 – R26  
 = R26 per pizza ✓✓✓ (3)  
 [19]

**SECTION C**  
**QUESTION 6**

- 6.1  $30 \times R10 = R300$  (2)
- 6.2  $R6 \times 30 = R180$  (2)
- 6.3  $R300 - R180 = R120$  ✓✓ (2)
- 6.4  $R300 \times 4 = R1\ 200$  ✓✓ (2)
- 6.5  $R180 \times 4 + R20 = R740$  ✓✓✓ (3)
- 6.6  $R1\ 200 - R740 = R460 \div 2 = R230$  ✓✓ (2)  
 [13]

**SECTION D**  
**QUESTION 7**

7.1 A lack of education and skills (2)

7.2 Engineers, management, education, medical services and  
information and communication technology (any 4 × 1 = 4)

7.3

	<b>RURAL AREAS</b>	<b>URBAN AREAS</b>
7.3.1	Fewer people live here; population smaller and more spread out	People move away from rural areas to the cities; large, dense populations that are more centred
7.3.2	Service delivery is more difficult because people are spread out and it is not seen as important	More people so service delivery is seen as more important
7.3.3	Little infrastructure; people have to build it themselves, few schools	More people, more taxpayers, better development and infrastructure

(2 × 6 = 12)

7.4 Long-term job opportunities created to last in economically  
and environmentally sustainable industries. (2)

[20]

**TOTAL: 100 MARKS**

# TERM 4

## Topic 14

### Looking back, looking ahead

Learner's Book pages 162–164

Duration: 2 hours

#### Term and week/s

Term 4, Week 1

### Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will:

- revise what they learnt in Term 3
- get a brief glimpse of what they will learn in Term 4

### Teaching the topic

- This is an opportunity to consolidate what the learners learnt in the previous term. If learners are still struggling with some concepts, give them additional activities or revision activities to do. Those who understand the text well can help those who are struggling.
- Encourage learners to draw mind maps (similar to those drawn in this topic) to revise what they learnt in the previous term.
- Once you are comfortable that learners understand the content so far, you may continue with the overview of the new term.
- When revising the new term, do not go into too much detail – You need spend no more than 10–15 minutes on the overview.
- Mention to the learners that they may use the overview mind map provided, and add their own notes during the term so that they have a complete mind map of the term's work by the end of the term.

**Term and week/s**  
Term 4, Weeks 2–4

**New words  
and concepts**

inputs; outputs;  
production process;  
entrepreneurship;  
labour; capital;  
land; non-  
renewable;  
developed  
countries;  
developing  
countries;  
economic growth;  
productivity

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about THE ECONOMY. They will look at:

- definition of production
- inputs and outputs
- sustainable use of resources
- meaning of economic growth
- meaning of productivity
- the effect of productivity on the economic growth
- technology in the production process
- contribution of technology to improving productivity and economic growth

### Resources

Collect news articles about the production process from magazines, newspapers and the Internet. Gather photos that will show learners production on different scales and of different kinds.

Reuse the resources you gathered for teaching the three sectors of the economy in Topic 3. Add updated resources to these for variety.

Find examples of articles about resource use – renewable resources, non-renewable resources and sustainable resource use. These issues are frequently in the news so you should find articles easily.

Look out for news articles about economic growth in South Africa and the country's gross domestic product (GDP). Find articles and photos of how technology automates production and the effects of this on businesses and productivity.

Research the manufacturing businesses in your area and approach some of them to see if you can arrange a class visit.

### Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Work through your resources and plan how you will integrate the articles and photos into your teaching.

- Find ways of linking the content in this topic to content you have already covered in Grade 7, for example:
  - developed and developing countries
  - the primary, secondary and tertiary industries
  - sustainability
  - the effects of socio-economic imbalances on economic growth.
- It is important to show learners the connections between all aspects of economics. Connections ensure progression and develop critical thought, which is important as learners move through the Senior Phase.
- See if you can organise a class visit to a manufacturing business that is automated. If visiting a factory or business is not possible, try to arrange for a speaker to visit the class to present information about how technology affects his or her business.

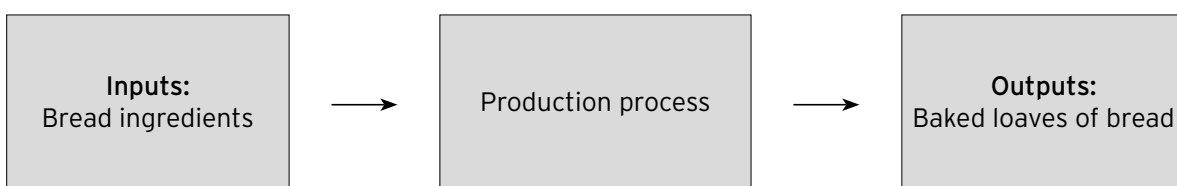
## Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
2	2	144–145	15.1–15.3
3	3	145–146	15.4
4	4	146	15.5

### Lesson 2

- Ask the learners to name as many manufacturing businesses in the area as they can. Discuss where the raw materials to make their school desks and chairs, for example, come from.
- Ask them if they know what the businesses produce and what kind of machinery and raw materials they use to produce these goods.
- Talk about the photograph of the helicopter manufacturing business in Figure 15.2 of the Learner's Book. Ask learners if they know what kinds of materials would be used to make a helicopter.
- Introduce the definition of production. Explain that it is a process of transforming raw materials into goods.
- Refer to the discussion you had with the learners about the local manufacturing businesses and the helicopter factory. Explain inputs and outputs in the context of that discussion, and use some of the photos and articles you found to add more examples to the discussion.
- Work through the flow chart in Figure 15.3 of the Learner's Book. Ask learners to do some rough drawings of similar flow charts for the local manufacturing businesses they named. For example, they draw:





- Work through a few examples like this with the learners to ensure that they have a working knowledge of inputs, production processes and outputs.
- Ask the learners to discuss what else businesses need to produce goods, aside from raw materials. Guide them into naming the four inputs in the spider diagram in Figure 15.4 of the Learner's Book: labour, capital, land and entrepreneurship. Make links with what you taught about the factors of production in Topic 2. Tell the learners that they will learn more about this in Grade 9.
- Recap the content on the industry sectors. Use your resources and ask the learners to give you information about the sectors before you talk about them.
- **Do Activity 15.1.**
- Recap how the sectors are linked.
- **Do Activity 15.2.**
- Move on to the content on sustainable resource use. Make links between this content and what you have taught about sustainability so far this year. Also link this content to the economic problem you covered in Topic 2.
- Ask the learners to tell you where petrol comes from. Discuss fossil fuels and how they are non-renewable – once they are used up, more cannot be made. Discuss what life would be like without petrol, if oil supplies were to run out.
- Ask the learners to mention some other non-renewable resources. Other examples are coal, water and metals such as gold.
- Introduce renewable resources.
- Recap the content on developed and developing countries covered in Topic 4. Ask the learners which countries they think use the most resources and discuss the reasons why this is so.
- Work through the spider diagram on sustainable resource use in Figure 15.12 of the Learner's Book. Ask the learners to brainstorm other suggestions for sustainable resource use.
- Use your articles and photographs to add to this discussion.
- **Do Activity 15.3.**

### Lesson 3

- Make links between economic growth, entrepreneurship and sustainable job creation, which you have already taught this year.
- Work through the text on economic growth in the Learner's Book page 175, and explain what an economy needs to grow.
- Use your articles and resources to teach these concepts.
- Ask the learners what they think productivity means. They may have heard of this before. Give them two different scenarios: one in which workers are productive and the business is growing, and one in which workers are not productive and the business is struggling to grow.
- Ask them what would happen if they did as little work at school as possible. What would the implications be for their exam results?

- Look at the illustration of Luigi's Pizza in Figure 15.13 of the Learner's Book. Use it to explain how productivity, inputs and outputs are linked.
- Divide the class into groups and ask them to have a quick discussion about what they think the effects of productivity are on economic growth, and what the effects of non-productive workers would be on economic growth. The groups give feedback after ten minutes.
- Link this content to the effects of health epidemics such as HIV/Aids on businesses and to skills shortages.
- Use your articles and resources to give real-world examples of the effects of productivity on economic growth.
- **Do Activity 15.4.**

#### Lesson 4

- Start this section by asking the learners to name the technology they use in their lives, such as cellphones, televisions, computers, and even cars and taxis. You could divide the class into groups to do this.
- Ask them to explain the effects of technology on their lives. They could compare their lives to those of their parents or grandparents.
- Learners will probably all mention that technology makes life easier – microwaves make cooking quicker; cars make travel times shorter; and phones make it easier to stay in contact with people who are far away from you.
- Ask the learners to think about and discuss how technology has affected businesses.
- Try to arrange a class visit to a manufacturing business in your area. Tell the learners that the purpose of the visit is to learn about how technology has made the production process quicker and more efficient. If you cannot arrange a class visit, try to have a production manager from a manufacturing business talk to the class about how technology has changed the production process.
- You could also provide examples of how production processes have changed due to automation. Car manufacturing plants are a good example of this, with robots doing precision work on production lines, as the photos show in Figure 15.14 of the Learner's Book.
- Ask the learners what they think the effects of automation would be. Get them to brainstorm ideas, and draw a mind map on the board containing their ideas. Work through the list of the effects of automation on production processes in the Learner's Book pages 177–178.
- Conclude this topic by going through the text in the Learner's Book page 178 about how technology contributes to improving productivity and economic growth.
- **Do Activity 15.5.**

## Answers

### » Activity 15.1

Discuss the meaning of the words as you use them.

1. Complete these sentences. *Lower order*

(12)

Choose from these words:			
tertiary	supermarket	abattoir	fish factory
primary	miner	fisherman	secondary
farmer	car factory	car dealer	restaurant

- a. The **farmer** ✓ (primary sector) raises the cow. He sells it to the **abattoir** ✓ (secondary sector), which processes the meat and sells it to the **restaurant** ✓ (tertiary sector) where you go out to eat.
- b. The **fisherman** ✓ (primary sector) catches hake. He sells it to the **fish factory** ✓ (secondary sector), who packs it and sells it to the **supermarket** ✓ (tertiary sector) where you go to shop.
- c. The **miner** ✓ (primary sector) digs the metal out of the ground. He sells it to the **car factory** ✓ (secondary sector) where cars are made. They sell the car to the **car dealer** ✓ (tertiary sector) where you go to buy your car.
- d. You buy a table from a furniture shop (tertiary ✓ sector), which bought the table from a carpenter (secondary ✓ sector), who bought the wood from a forester (primary ✓ sector).

2. Discuss what would happen in the following scenarios.

*Middle order*

(5)

- a. **The farmer can no longer supply cattle for meat.**  
The abattoir and restaurant would not make any money. ✓
- b. **The fisherman can no longer supply fish.**  
The fish factory and the supermarket could no longer sell fish. ✓
- c. **There are no more trees for wood.**  
The carpenter and the furniture shop would close down. ✓
- d. **The tertiary sector can no longer buy from the secondary sector.**  
The tertiary sector would stop functioning. ✓
- e. **The general public can no longer afford to go out for dinner or to buy certain foods and household goods.**  
The secondary and tertiary sector businesses from which the households shop would struggle to make money. ✓

### > Activity 15.2

1. Think about the area where you live.
2. Draw a table that has three columns. Label Column 1 *primary sector*, Column 2 *secondary sector* and Column 3 *tertiary sector*. (3)
3. List as many different people or businesses in the primary sector as you can in Column 1. *Middle order* (6)

4. In the secondary sector column, list the industry or manufacturer that this person needs. For example, a fisherman needs a fish factory. *Middle order* (6)
5. In the tertiary sector column, list where those manufactured goods go to serve people, for example, wooden benches go to schools, churches, doctors' waiting rooms, and so on. *Middle order* (6)
6. Choose one item from any column of your table. Write a short paragraph describing what happens there, and which sectors the goods go to or come from. *Higher order* (5)

Learners' tables will vary according to the area in which they live and the businesses they have chosen. Look for evidence that the learners can apply the knowledge they have learnt. Learners' tables could look something like this, depending on their areas:

Primary sector ✓	Secondary sector ✓	Tertiary sector ✓
Maize farmers ✓	Maize processing plant ✓	Retail businesses ✓ such as supermarkets selling maize meal ✓
Miners ✓	Ore processing plant/diamond cutters/platinum processing plant/steelworks ✓	Jewellery retailers; ✓ steel goes to construction companies for building structures; minerals such as copper go to the electronics industry for making cabling ✓
Woodcutters ✓	Sawmill/furniture factory ✓	Furniture ✓ goes to households, businesses and schools ✓
Fishermen ✓	Fish processing or packaging plant ✓	Retail businesses ✓ such as supermarkets and restaurants ✓
Wheat farmers ✓	Flour mill ✓	Retail businesses such as supermarkets, wholesalers and bakeries ✓
Sheep farmers ✓	Abattoir/butchery ✓	Retail businesses ✓ such as supermarkets and restaurants ✓

### » Activity 15.3

1. Talk to your partner about the kinds of resources used by businesses in your area. *Middle order*
2. List each resource as renewable or non-renewable. *Lower order* (2)
3. Explain sustainable resource use. *Lower order* (4)
4. Investigate and explain how businesses in your area can use resources more sustainably in their production processes. *Higher order* (4)

Learners' answers will vary according to the areas in which they live. For example, learners in Mpumalanga may use examples of forestry businesses using timber as a resource ✓. This resource is renewable, although trees take a very long time to grow. ✓ They could say that the sustainable use of timber involves replanting trees as soon as grown ones are cut down ✓, so that there is a constant supply of timber being grown ✓. Sustainable means long-term and able to last for a long time ✓. Businesses have to use resources sustainably if they want to keep operating into the future ✓. Learners give their own suggestions for how the businesses they discuss can use resources more sustainably. (✓ × 4 suggestions)

#### Activity 15.4

1. **List any two factors that make the South African workforce less productive than it could be. *Lower order*** (2)  
Unemployment, ✓ low skill levels ✓ and HIV/Aids ✓ make the country's workforce less productive. (Any 2)
2. **Explain why a productive workforce is important. *Middle order*** (3)  
Economic growth is an increase in an economy's ability to produce goods and services over a specific period of time. ✓ And productivity involves producing as many goods and services in as little time as possible. ✓ So, it follows that the more productive a country's workforce is, the better the country's economic growth will be. ✓
3. **South Africa's economy grew by 3,2% in 2011. Explain what this means. *Middle order*** (2)  
This means that the economy produced 3,2% more goods and services in 2011 ✓ than it did in 2010. ✓

#### Activity 15.5

1. **Answer the following questions.**
  - a. **What is economic growth? *Lower order*** (4)  
Economic growth is an increase in an economy's ability to produce goods and services ✓ over a specific period of time ✓. It is usually measured as a percentage change ✓ in an economy's gross domestic product (GDP). ✓
  - b. **Why is HIV/Aids bad for economic growth? *Middle order*** (3)  
It is bad because a sick workforce is an unproductive workforce. ✓ Workers need to be healthy, educated and skilled to work productively for businesses ✓ so that the economy can grow. ✓
  - c. **What is productivity? *Lower order*** (2)  
It is a measure of how much you get out ✓ of the effort you put into something. ✓

2. **Have a group discussion that investigates the following: South Africa has an unemployment problem, so should businesses be using technology to do jobs that they could employ people to do? Make notes about what you discussed. Write a short report and present it to the class. Higher order**

Learners discuss this in their groups. They present their reports to the class.

For information on Informal assessment, refer to the self-assessment, peer assessment and group assessment templates in Section 5 of this Teacher's Guide.

### Informal assessment

**Activity 15.1:** Observe how well the learners work in pairs. Take in their answers and mark them. (17)

**Activity 15.2:** Take in the learners' tables and paragraphs and mark them. (26)

**Activity 15.3:** Make sure that both learners in the pair are sharing the load and generating ideas. Intervene if one learner is dominating the discussion. Make notes for future reference. (observation-based)

**Activity 15.4:** Take in the learners' answers and mark them. (7)

**Activity 15.5:** Assess how well the learners work in groups. All learners must contribute to the discussion, the report and the presentation. Make notes about how deeply the learners engage with the issue. (observation-based)

### Consolidation

- **Name four problems in South Africa that could affect the country's economic growth negatively.**

- high unemployment
- poverty and inequality
- HIV/Aids
- skills shortages

- **Give four reasons why it is good for businesses to use technology.**

Technologies in the form of machines and the computers that drive them in the production process have the following advantages. They:

- work more quickly than people
- make fewer mistakes than people
- do not get tired or distracted like people do
- do not get sick or take leave
- can work for very long hours in the day or night
- do not need to be managed or paid monthly incomes
- do not need to be trained.

- **Briefly explain the difference between developed and developing countries.**

Developed countries are industrialised countries with strong, growing economies and where people have a high standard of

living, good incomes and access to education and healthcare. Developing countries are countries that are not industrialised and that have low economic growth and a low standard of living.

### Extension

**Fossil fuels will not last forever. We will need an alternative source of energy when our oil supplies run out. Do some research on alternative energy, such as solar energy and wind energy. Write a report on your findings. You can add drawings and pictures from magazines, the Internet and newspapers if you would like to.**

Learners do their own research and report on the kinds of alternative energy sources they find.

## Topic 16

# Savings

Learner's Book pages 180–190

Duration: 6 hours

### Term and week/s

Term 4, Weeks 5–7

### New words and concepts

credit; foreign exchange; Internet banking; EFTs; savings account; *stokvel*; financial institutions; start-up capital; loan capital

## Curriculum and Assessment Policy Statement (CAPS) content

In this topic, learners will learn about FINANCIAL LITERACY.

They will look at:

- personal savings
- purpose of savings
- history of banks
- the role of banks
- services offered by banks
- opening a savings account at a bank
- community savings schemes
- financial organisations
- financial institutions and organisations promoting entrepreneurship

## Resources

Collect brochures from the banks in your area about savings accounts and the services that the banks offer. You could also download information about the banks from the Internet.

Collect information about the early forms of banks, the temples in which commodities were stored. Use your resources from Topic 1 to recap early coins and bartering.

Gather information about the kinds of interest rates that credit cards and store cards, such as Woolworths and Cape Union Mart cards, attract. Do some calculations to give learners an idea of how much they could end up paying for items over and above their selling prices, if they decide to buy things on credit and not to save for them.

Find news articles in newspapers, magazines and on the Internet about the role of banks in the economy. Find similar articles about *stokvels* in South Africa as community savings schemes.

Gather brochures from the financial institutions other than banks in your area, such as investment banks and companies that offer retirement annuities and life insurance.

Access the National Department of Trade and Industry (dti)'s website if possible to find out about entrepreneur support (<http://www.thedti.gov.za/>). Go to <http://www.seda.org.za> for more information about the Small Enterprise Development Agency.

Find out if there are any *stokvels* running in your community. If you are not part of one, see if you can contact a member of a *stokvel* and get information about what the *stokvel* is for and how it works. Find out about how the banks in your area are starting to offer *stokvel* services (FNB is one example). If there is a large *stokvel* running in your area, try to get some of the members to do a class presentation about how *stokvels* work and why people use them.

### Preparation

- Read through the topic and familiarise yourself with the content that you will need to teach. Think about what learners may already know about the topics, what skills they already have and any areas of difficulty that you think they might encounter.
- Make links between this content and the content you taught in Topic 1 on bartering and early forms of money.
- Do some research about the financial institutions in your area and elsewhere in South Africa that help entrepreneurs by providing start-up capital. Link this content to what you have already taught about entrepreneurship.

### Teaching the topic

There are 3 lessons in this topic.

Lesson	Week	Pages	Activities
5	5	152–153	–
6	6	153	16.1
7	7	153–154	16.2–16.3

### Lesson 5

- Start this topic by reminding the learners about what a budget does. It tells you what you plan to spend and what you can save. Remind them that they have learnt briefly about savings this year already and make connections with the concepts they are learning now.
- Use the discussion questions in the Learner's Book page 180 to talk about personal savings.
- Work through the Khumalo family budget again, reproduced in the Learner's Book page 182 from Topic 6.



- Ask the learners what their options are when they want to buy something they cannot afford. Some of them may be familiar with credit. Work through the text on the purpose of savings in the Learner's Book page 182 to explain this.
- Use your resources to explain how much interest credit cards and some store cards attract. Show how expensive it can be to buy things on credit rather than saving the money and buying them when you can afford them.
- Explain that the purpose of savings is to allow you to buy things without getting into debt and to have money available for emergencies.
- Move on to the history of banks. Spend a few minutes revising the history of money. You may want to look at the timeline in Topic 1 again to refresh the learners' memories. Explain how banks developed over time.
- Remind them that they have already learnt about commodity money, representative money and bartering. Show them the pictures of ancient coins that you used in Topic 1, and, if possible, show them the coins from different countries again. See if they remember which countries the coins come from.

## Lesson 6

- Ask the learners what role they think banks play in the economy today. Ask them to distinguish between the role of banks and the services that they offer.
- Work through the text on the role of banks with the learners. Use the resources you have gathered, if any are relevant to this section.
- Next, remind the learners about the services that banks offer by recapping the spider diagram in Figure 16.4 of the Learner's Book.
- **Do Activity 16.1.**
- In this next section, you will show learners how to open a savings account at a bank. Use the brochures you have collected to show the learners what their options are. Capitec Bank, Standard Bank, Nedbank, Absa and FNB are the primary banks in South Africa. al Baraka Bank offers Islamic banking that is compliant with shari'ah law. Absa and FNB also offer Islamic banking options. This may be pertinent to your community.
- You could set the learners the task of going into a bank branch themselves, and finding out how people who are under 16 can open a savings account. This would be a homework task that they could report back to the class about. They could also collect brochures about savings accounts from the branch they visit.

## Lesson 7

- Ask the learners if they know of any other ways of saving money aside from savings accounts at banks. Many of them may know about *stokvels*.
- Ask the learners who do know about *stokvels* to explain what they are to learners who don't know.

- Use the resource information you have gathered about *stokvels* to explain what they are, giving your local *stokvel* as an example.
- Ask the learners if they know where *stokvels* come from.
- If there is a large *stokvel* in your area, see if you can get some members of the *stokvel* to visit the class and talk to your learners about how it works.
- **Do Activity 16.2.**
- Move on to financial organisations or institutions. Use your resources – information about investment banks and organisations such as Old Mutual and Liberty – to explain financial organisations to the learners. Financial services are abstract concepts for Grade 7s so try to teach this section as practically as possible.
- Use the illustration in Figure 16.8 of the Learner’s Book to explain how financial organisations allow money to flow through the economy.
- Conclude this topic, term and year’s teaching by moving on to the section on financial institutions and organisations promoting entrepreneurship.
- Remind learners that starting a new business isn’t easy, and one of the reasons for this is that start-up capital is difficult to access. Banks can be reluctant to offer start-up capital if they don’t know whether an entrepreneur’s new business will succeed. If the business fails, the entrepreneur will probably not be able to repay the loan.
- Work through the content in the Learner’s Book pages 188–190 on places where entrepreneurs can go for help with capital.
- **Do Activity 16.3.**

## Answers

### »» Activity 16.1

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1. **Your teacher will divide your class into groups of four. In your groups, visit the banks close to your school. Gather information about the services that the banks offer to their existing clients and new clients. Ask the bank staff to give you some pamphlets that you can use in your activity. *Middle order***
2. **After visiting the bank, answer the following questions in your exercise book. *Middle order***
  - a. **What options does the bank you visited have for a 14-year-old learner who wants to save his or her monthly pocket money? (2)**
  - b. **How do you open a savings account? What documentation do you need? (2)**
  - c. **What savings options does the bank have for a person who is over 65 years old? (2)**
  - d. **What savings options are available for a person who wants to invest money for longer than a year? (2)**

**3. Make a poster that shows the different services the banks offer clients. *Higher order*** (10)

Learners do their own research. Their findings will differ depending on the banks they visit, as most banks have slightly different offerings and services. If it is not possible to supervise the bank visits and keep the learners safe, let each group use a computer, connected to the Internet, for their research. They could also phone the bank from the school. If your school does not have an Internet connection, collect brochures yourself and distribute them to the groups. Encourage the learners to present information on their posters as creatively as possible and to enjoy making the posters. Display the posters in the classroom for the duration of your teaching.

**> Activity 16.2**

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**Think of something you really want but that costs a lot of money. This means you need to start saving money seriously. From what you have learnt so far about savings, assess which savings scheme you think is best for you. Give reasons for your choice. *Higher order*** (5)

Learners give their own answers depending on what they are saving for and what the best savings scheme would be to save for it. They must give valid reasons why they chose a particular savings scheme. They must show that they have understood the information they collected and presented in Activity 16.1.

**» Activity 16.3**

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**1. Explain the difference between borrowing money and going into business with a partner. *Lower order*** (2)

If you don't have enough money to start your business, you will need to borrow money from friends, family, or a bank ✓. You need to pay this money back, sometimes with interest. ✓

When you go into business with a partner, that person invests in your business in return for a share in the ownership and profits of the business. You don't need to pay the money back.

**2. Name and briefly describe any three organisations that promote entrepreneurship in South Africa. *Lower order*** (9)

It is the dti's job to help small businesses. ✓ For example, the Umsobomvu Youth Fund (UYF) helps people between 18 and 35 to get skills, find jobs or start their own businesses ✓. The UYF has advice centres around the country, a website and a call centre. ✓

Banks such as Absa and Nedbank invest in small business funding and skills training ✓, as do other big companies such as Shell. ✓ Non-governmental organisations (NGOs) also run programmes to help South Africa's young businessmen and women. ✓

The Small Enterprise Development Agency (SEDA) is the dti's agency for supporting small business in South Africa ✓.

SEDA provides entrepreneurs with business advice, business ideas,

information, links to finance providers, links to business training providers, and online training courses ✓. There are branches all over the country, and you can contact them at 0860 103703 or <http://www.seda.org.za>. ✓

### Consolidation

- **Explain why financial institutions are important to the economy. Give some examples.**

Today, banks play a very important role in a country's international trade. This international trade then plays an important role in that country's economic growth. Banks also offer various services to clients. Financial institutions such as building societies, insurance companies and investment funds are important because they allow money to flow through the economy.

- **If you don't have enough start-up capital to start your own business, name and describe two other types of capital you can use.**

If you don't have enough money to start your business, you will need to:

- borrow the money (get loan capital) or
- go into business with a partner.

Loan capital is money you borrow from friends, family, or a bank. You need to pay this money back, sometimes with interest.

When you go into business with a partner, this person invests in your business in return for a share in the ownership and profits of the business. You don't need to pay the money back.

- **Explain what a *stokvel* is.**

A *stokvel* is a savings club that has several members from a community. Each member pays money into the fund every month. Every month, a different member gets paid out the amount of money in the fund.

- **Define surety.**

When two countries trade with each other, banks give the surety that the money involved will be transferred from one country to another. Surety is when a person or organisation promises to pay a debt if the person or organisation who is supposed to be paying it fails to do so.

### Extension

**Think of your best friends whom you can trust. They could be friends at school, or friends from your sports club, church, charity, mosque or synagogue, for example. Name them and give a brief explanation of why you trust them. Imagine that you want to invite them to join a *stokvel* with you. Prepare, in writing, what you will say to them – how you will describe what a *stokvel* is and how you will explain why saving is such a good idea. In other words, 'sell' the idea of a *stokvel* to them in two or three paragraphs. If you were to go ahead with a *stokvel*, do you think it would work successfully with the friends you have chosen?**

Learners write up their own *stokvel* proposals.

# Revision Term 4

Learner's Book pages 191–192

- Before doing this term's revision, review all the topics in this term.
- Refer learners to the Study and Exam skills section on pages 201–205 of the Learner's Book.
- Learners complete this activity on their own. This way they will see which sections they need to revise again.

## Topic 15: The production process

### Activity 1: Revise the production process

#### 1.1 Define production. *Lower order* (3)

Production is when businesses use raw materials ✓ in a production process ✓ to produce goods that the market needs. ✓

#### 1.2 What gets transformed or changed during the production process? *Lower order* (2)

Businesses transform, or change, materials you can touch (such as timber or gold) ✓ and materials you can't touch (such as knowledge and ideas) into goods or services that people can buy and use. ✓

#### 1.3 List the inputs to the production process. *Lower order* (4)

The inputs are labour ✓, capital ✓, land ✓ and entrepreneurship. ✓

#### 1.4 List the outputs of the production process. (2) *Lower order*

The outputs are finished products (goods and services) ✓ that consumers can buy and use. ✓

#### 1.5 Not all production outputs are finished goods that consumers can buy. Why is this? *Middle order* (3)

Sometimes, the outputs of one business, ✓ such as trees sawn into logs, are the inputs of another business, ✓ such as timber to be made into furniture. Inputs and outputs are different from industry to industry because industries work in different economic sectors. ✓

#### 1.6 In the context of production, explain what a sector is.

##### Name each sector. *Lower order* (4)

A sector is a way of grouping business activities. ✓ They are the primary, ✓ secondary ✓ and tertiary sectors. ✓

#### 1.7 Describe primary-sector businesses. *Lower order* (2)

Businesses that are mostly in the rural areas and make up the first layer of the economy. ✓ They need raw materials (natural resources) to survive, such as fishing, farming, forestry and mining. ✓

#### 1.8 Describe secondary-sector businesses. *Lower order* (2)

Businesses that are just outside the towns and that are in the second layer of the economy. ✓ Businesses use raw materials from the primary sector to process or manufacture things people can use, such as food and drink, and car factories. ✓

**1.9 Describe tertiary-sector businesses. Lower order (2)**

Businesses that are inside the towns and that are in the third layer of the economy. ✓ They offer finished goods and services to the public. Finished goods are sold by retailers, such as supermarkets, and services are provided by schools and hospitals, for example. ✓

**1.10 In poorer countries, which sector does most of the country's money come from? Lower order (1)**

The primary sector ✓

**1.11 Explain how the secondary and tertiary sectors are linked to the primary sector. Middle order (10)**

The secondary and tertiary sectors are linked to the primary sector. The secondary sector ✓ uses what the primary sector produces (raw materials). ✓ Businesses in the secondary sector make finished goods for another business to sell or export. ✓ The tertiary sector is made of businesses that people can use. ✓ Examples of these useful businesses are social services, financial services, tourism, education, health and environmental services. ✓ Information makes the tertiary sector successful. ✓ The tertiary sector also needs goods from the primary sector. ✓ This is because the tertiary sector uses what the secondary sector manufactures. ✓ So, if one sector breaks down, ✓ the other two sectors cannot work properly. ✓

**Activity 2: Revise sustainable resource use**

**2.1 Explain why businesses need to use production resources sustainably. Middle order (3)**

Because resources are scarce. ✓ Some are non-renewable, which means that we cannot make more of them once we have used them all. ✓ Others are renewable, but take many years to be replaced, such as forests, and there may be very little of them available. The earth has a limited amount of resources for businesses to use. ✓

**2.2 Define a non-renewable resource. Give an example. Lower order (2)**

A resource that cannot be renewed; when it is all used up, there can never be any more of it made, ✓ for example fossil fuels. ✓

**2.3 Define a renewable resource. Give an example. Lower order (2)**

Timber is a renewable resource ✓ – we can grow more forests to replace the ones we cut down. ✓

**2.4 Which type of country uses more resources: developing countries or developed countries? Give a reason for your answer. Middle order (3)**

Developed countries with industrial economies ✓ use more resources than developing countries with economies that are not industrialised. ✓ They have higher standards of living and more manufacturing businesses than developing countries. ✓

### Activity 3: Revise economic growth, productivity and technology

#### 3.1 Define economic growth. *Lower order* (4)

Economic growth is an increase in an economy's ability to produce goods and services ✓ over a specific period of time. ✓ It is usually measured as a percentage change ✓ in an economy's gross domestic product (GDP). ✓

#### 3.2 Explain how economic growth and productivity are connected to each other. *Middle order* (8)

Economic growth is an increase in an economy's ability to produce goods and services over a specific period of time. ✓ ✓ Productivity involves producing as many goods and services in as little time as possible. ✓ ✓ So, it follows that the more productive a country's workforce is, ✓ ✓ the better the country's economic growth will be. ✓ ✓

#### 3.3 Describe what needs to happen in a country for its economy to grow. *Middle order* (3)

For an economy to grow:

- unemployment rates need to be low – people need to have jobs to contribute to the goods and services that the economy produces ✓
- the country needs to eradicate poverty so that all of its citizens can contribute to the economy ✓
- the population needs to be healthy, educated and skilled to work productively. ✓

#### 3.4 Explain how productivity affects economic growth. *Middle order* (2)

High productivity has a positive effect on economic growth, ✓ but low productivity has a negative effect. ✓

#### 3.5 Explain how technology affects the production process. *Middle order* (10)

Technology automates the production process. ✓ This means that it changes a manual process (a process that people do by hand) into an automatic process (a process that a machine does). ✓ Technologies in the form of machines and the computers that drive them in the production process have the following advantages. They:

- work more quickly than people ✓
- make fewer mistakes than people ✓
- do not get tired or distracted like people do ✓
- do not get sick or take leave ✓
- can work for very long hours in the day or night ✓
- do not need to be managed or paid monthly incomes ✓
- do not need to be trained. ✓

So, it is good for businesses to use technology in their production processes. ✓



**3.6 Explain how technology contributes to productivity and economic growth. *Middle order*** (10)

Technology makes the production process quicker, ✓ more accurate ✓ and more standardised. ✓ This is because computers and machines are built for only one purpose – to do specific jobs. ✓ They do not get sick, make mistakes, need training or need managing, like workers do. ✓ They help businesses to increase their capacity to produce more goods and services. ✓ This means that they help the business to contribute to economic growth. ✓ They also help businesses to produce more goods and services in less time. ✓ So, they make the business more productive. ✓ This increased productivity also contributes to economic growth. ✓

**Topic 16: Savings**

**Activity 4: Revise savings and banks**

**4.1 Define personal savings. *Lower order*** (2)

Personal savings are the money you have left of your income ✓ when you have paid all your expenses. ✓

**4.2 Give two purposes of savings. *Lower order*** (2)

Savings allow you to buy things without getting into debt. ✓ They also make sure you have money available for emergencies. ✓

**4.3 Write a short paragraph on the history of banks. *Middle order*** (10)

People have been using banks since about 2000BCE, and the history of banks is linked to the history of money. ✓ To solve the problems of the barter system, people started to use commodity money. ✓ Commodity money is money that has its own value, such as coins made of silver or gold. ✓ It is different to representative money. Representative money is money that represents the money you have in the bank. ✓ An example of representative money is a cheque. The problem with commodity money was that anybody could steal it from you and use it to buy goods for themselves. ✓ Coins were easier to carry and hide than livestock or crops. So, people needed somewhere secure to store their commodity money. ✓ The first secure places that people stored their money were in temples. ✓ There were always priests at the temples so the money was always watched over. And people were too scared to steal from a temple in case the gods became angry with them. ✓ Banks developed over time, ✓ with the first bank as we know it developing in Italy in the fourteenth century. Banks have now developed many other roles, aside from just storing people's money safely. ✓

**4.4 What is commodity money? *Lower order*** (2)

Commodity money is money that has its own value, ✓ such as coins made of silver or gold. ✓

**4.5 Explain the role of banks. *Middle order*** (13)

Banks give individuals and businesses the opportunity to save money ✓ with them or borrow money from them. ✓ Individuals and businesses earn interest on money they save and pay interest



on money they borrow. ✓ Individuals or businesses can borrow money from a bank to buy things ✓ such as cars, equipment, houses or land. ✓ When people borrow money from a bank to make capital investments, ✓ it is usually a boost to the economy of any country for the following reasons: ✓

- It creates work opportunities. ✓
- It promotes the country's economic growth. ✓
- It stimulates the country's needs and wants. ✓

Banks play a very important role in a country's international trade. ✓ This international trade then plays an important role in that country's economic growth. ✓ When two countries trade with each other, banks give the surety that the money involved will be transferred from one country to another. ✓

#### **4.6 Why is it good for the economy when people borrow money from banks to invest in things like land and equipment?**

*Middle order*

(4)

When people borrow money from a bank to make capital investments, it is usually a boost to the economy of any country for the following reasons: ✓

- It creates work opportunities. ✓
- It promotes the country's economic growth. ✓
- It stimulates the country's needs and wants. ✓

#### **4.7 Name five services that banks offer. (Any 5) Lower order**

- Cellphone and Internet banking ✓
- Bank balances ✓
- Bank statements ✓
- Payment to third parties ✓
- Foreign exchange ✓
- Opening and closing accounts ✓
- Loan applications ✓
- Wills, financial planning and retirement planning ✓

#### **4.8 As a Grade 7 learner, list what you need to do to open a savings account at a bank. Middle order**

(5)

People who are under 16 need a parent or guardian to go with them to the bank to open the account. ✓ Your parent or guardian will need their ID book and proof of address. ✓ They will also need your birth certificate. ✓ Most banks have a minimum deposit that you need to make when you open a new account. ✓ For savings accounts, this deposit is usually quite low – it can be as low as R10. ✓

### **Activity 5: Revise community savings schemes and financial institutions**

#### **5.1 What is a *stokvel*? Lower order**

(4)

A *stokvel* is a savings club ✓ that has several members from a community. ✓ Each member pays money into the fund every month. ✓ Every month, a different member gets paid out the amount of money in the fund. ✓

**5.2 Write a short paragraph about how *stokvels* work.**

***Lower order*** (5)

They usually have 12 or more members. ✓ Every month, all 12 members make a payment. ✓ This payment can be small – as little as R50. It can also be large – as big as R1 000 or more. ✓ Then, every twelfth month (because the *stokvel* has 12 members), you get paid an amount of money. ✓ If the members pay R500 a month into the fund, then once a month a different member gets paid R6 000 (R500 × 12). ✓

**5.3 Explain why people started using *stokvels*. *Middle order*** (3)

*Stokvels* come from the days when apartheid made it difficult for black people to open bank accounts. ✓ People did not want to support the banks, but still wanted ways of saving ✓ for travelling, burials, Christmas, groceries and their children's education, for example. So, they started their own community-based savings schemes. ✓

**5.4 What is a financial institution? *Lower order*** (2)

A financial organisation or institution is a business ✓ that provides people with financial services. ✓

**5.5 Explain why financial institutions are important. *Lower order*** (2)

Financial institutions are important because they allow money to flow through the economy. ✓ They bring together people who deposit their savings with people who take loans. ✓ When you take a loan from a bank to buy a house or a car, for example, the money that you borrow is other people's savings.

**5.6 Define start-up capital. *Lower order*** (2)

The capital you need ✓ to start a new business is called start-up capital. ✓

**5.7 Name three kinds of organisations that promote entrepreneurship and help entrepreneurs to find start-up capital. (Any 3) *Lower order*** (3)

Banks ✓, the South African government ✓, businesses and private organisations, ✓ NGOs and private investors. ✓

**TOTAL MARKS: 146**

**Formal assessment**

For information on how to assess learners' assignments, controlled tests, examinations, case studies and projects, please see Section 3 of this Teacher's Guide.

**Note:** Actual end-of-year examination paper and memo can be found in the Resources section at the end of this guide.

## SECTION A

### QUESTION 1

*Learner's Book pages 193–199*

1. H
2. E
3. B
4. G
5. D
6. A
7. I
8. L
9. F
10. C

(10 × 2 = 20)

### QUESTION 2

- 2.1 Primary
- 2.2 Tertiary
- 2.3 Primary
- 2.4 Secondary
- 2.5 Tertiary

(5 × 2 = 10)

### QUESTION 3

- 3.1 representative money
- 3.2 affluent/wealthy
- 3.3 economic problem
- 3.4 efficiently/effectively
- 3.5 automated

(5 × 2 = 10)

[40]

## SECTION B

### QUESTION 4

- 4.1 The programme provides workers with jobs that do not require skills to do, and gives them training to develop their skills while they are working. They can then move on to jobs that require more skills. (2)
- 4.2 It keeps on preparing South Africans for better and better jobs in the long term. (2)
- 4.3 Environmental jobs; road-building jobs; community-based health jobs; early childhood development jobs (any 2 × 2 = 4)
- 4.4 Imbalances in people's access to resources such as housing, health, education and a decent standard of living (2)
- 4.5 Apartheid; poor service delivery by the government (any 1 × 2 = 2)
- 4.6 People's access to things such as goods and services that make life more comfortable (2)
- 4.7 The minimum amount of money that you can earn to provide for your basic needs (2)
- 4.8 Poor service delivery, crime, HIV/Aids, damage to the environment (any 2 × 2 = 4)

[20]

## QUESTION 5

- 5.1 It is a measure of how much you get out of the effort you put into something, or it refers to the number of units of a good or service that you produced as output during the production process. (2)
- 5.2 The more you produce, the more profitable you will be. The more the profit, the more you will want to produce. (2)
- 5.3 Effective use of business resources:
- Invest in the latest technology.
  - Provide employees with training to use technology and equipment.
  - Proper management of business systems.
  - Ensure that production factors are available for the production process. (any 1 × 2 = 2)
- Increase the productivity of employees:
- Provide employees with incentive bonuses.
  - Ensure good work ethics among employees.
  - Set targets that employees need to reach.
  - Provide employees with skills development. (any 1 × 2 = 2)
- 5.4 If workers know and care about their work, then they are positive and loyal towards their employer. Characteristics of such workers include honesty, integrity and accountability. (2)
- [20 + 10 = 30]

## SECTION C

### QUESTION 6

- 6.1 It is a statement that indicates your financial worth at a specific point in time. (2)
- 6.2  $R32\ 900 - R13\ 000 = R19\ 900$  (2)
- 6.3 Fixed asset: has a lifespan of more than one year and is not easily sold for cash; you can touch it. ✓✓  
Example: Equipment, hot box, tables and chairs (any ✓)  
Current asset: has a short lifespan and can easily be converted into cash. ✓✓  
Example: Biltong in stock, cash in bank (any ✓) (6)
- 6.4 Liability: debt that you have to repay (2)
- 6.5 Long-term liability: debt you have to repay over a period of more than one year. (2)  
Current liability: debt you have to pay within a few months (less than a year). (2)
- [16]

### QUESTION 7

- 7.1.1 Shareholders are individuals or businesses that buy shares in a business. (2)
- 7.1.2 Account balances, bank statements, payments to third parties, exchange rate queries, opening and closing bank accounts, loan applications, wills, financial planning and retirement planning (5 × 1 = 5)

- 7.1.3 The amounts that businesses pay to their shareholders as part of the profits that the business has made; a compensation to the shareholders (2)
- 7.1.4 Sales of goods, sales of services, rental, royalties, dividends (any 3 × 2 = 6)
- 7.1.5 Capital expenses, employees' salaries and wages, interest expenses, equipment, raw materials for production, office equipment, tax on the business's income, interest on loans, insurance, research and development, medical and pension fund contributions, UIF contributions, staff training and utilities for the business premises (any 3 × 2 = 6)

7.2

### Personal Budget of Mpumi Ramalefo

Income ✓		Expenses ✓	
Pocket money	R600 ✓	Tuckshop	R100 ✓
		Entertainment	R100 ✓
		Travel costs	R65 ✓
		Cellphone airtime	R80 ✓
		Gifts	R75 ✓
		Toiletries	R50 ✓
		Haircuts	R50 ✓
<b>Total income</b>	<b>R600 ✓</b>	<b>Total expenses</b>	<b>R520 ✓</b>
<b>Total income – Total expenses (savings)</b>			<b>R80 ✓</b>

(13)

[34]

## SECTION D QUESTION 8

- 8.1 Service business (2)
- 8.2 Strengths: One owner focusing on profit, so rates are cheaper (2)  
Weaknesses: Owner is a full-time student, so she lacks time (2)  
Opportunities: There is a promising market with limited competition. (2)  
Threats: The other hair salon in her community. (2)
- 8.3 Entrepreneurship (2)
- 8.4 Profit (2)
- 8.5 Employ someone to help her, especially during exam times.  
Advertise in the community.  
Any other suitable answer. (any 2 × 2 = 4)

[18]

## QUESTION 9

The pamphlet must be assessed according to the following checklist:

Criteria	Yes	No	Marks
<b>Does the advertisement:</b>			
have a main slogan or striking main heading?			
have a logo?			
give a clear description of the business?			
have a creative illustration indicating what the business does?			
contain the contact details?			
meet criteria regarding simplicity, number of words and size?			

2 Marks for Yes

0 marks for No

(6 × 2 = 12)

[30]

**TOTAL: 150 MARKS**

## **3. Formal Assessment**

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<b>1. Assessment in Economic and Management Sciences in Grade 7</b>	<b>168</b>
<b>2. Programme of Assessment</b>	<b>169</b>
<b>3. Formal Assessment Tasks</b>	<b>171</b>
<b>Formal Assessment Task 1:     Assignment</b>	<b>171</b>
<b>Formal Assessment Task 2:     Case study</b>	<b>174</b>
<b>Formal Assessment Task 3:     Project</b>	<b>176</b>
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# 1. Assessment in Economic and Management Sciences in Grade 7

Assessment in Economic and Management Sciences focuses on the knowledge, skills and values inherent in the activities of production, consumption, exchange and making meaningful and informed financial decisions in economic and social environments.

Economic and Management Sciences covers valuable skills such as economics, entrepreneurship, financial and managerial skills that prepare learners for success in different economic and business environments. Teachers must consider all these skills when planning teaching, learning and assessment activities.

Tasks should cover the content and concepts according to the Annual Teaching Plan. They should include a variety of activities and strategies that assess knowledge and skills. These assessment strategies may form the focus of specific tasks or they may be used together as part of a task.

In Economic and Management Sciences, the following forms of assessment are preferred, although they are not the only ones that you may use:

- projects
- tests (both class tests and controlled tests)
- data responses
- examinations
- oral presentations
- case studies
- assignments
- posters.

Assessment in Grade 7 is made up of:

- informal or daily assessment
- formal assessment.

In *Study & Master Economic and Management Sciences Grade 7*:

- Informal assessment advice is given as part of the lesson guidance in the Lesson-by-lesson Section 2 of this Teacher's Guide.
- Detailed guidance and assessment tools for formal assessment are provided in this section.

## Summary of formal assessments expected in Grade 7

Grade	Formal assessments	SBA (40%)	Final examination (60%)	Total
7	<ul style="list-style-type: none"> <li>• 2 formal assessments</li> <li>• 1 formal assessment -project</li> <li>• 2 tests</li> <li>• Mid-year examination</li> <li>• End-of-year examination</li> </ul>	Refer to Programme of Assessment	Refer to Programme of Assessment	100



## 2. Programme of Assessment

The Programme of Assessment provided in *Study & Master Economic and Management Sciences Grade 7* is in line with the Curriculum and Assessment Policy Statement (CAPS) for Economic and Management Sciences and thus spreads out the formal assessment tasks throughout the year. It is made up of assignments, controlled tests, case studies, projects and exams. This is reflected in the table below.

Term	Week	Type of formal assessment	Tool(s) of assessment	Content and topic focus of assessment	Learner's Book and/or Teacher's Guide page reference	Total number of marks of task	Contribution to year mark
1	5	Assignment	Rubric/memo	<b>The economy</b> • Topic 2: Needs and wants	Learner's Book p. 24 Teacher's Guide pp. 31–33 and pp. 171–173	30	80
1	10	Controlled Test 1 (60 minutes)	Memo	<b>The economy</b> • Topic 1: The history of money • Topic 2: Needs and wants • Topic 3: Goods and services <b>Entrepreneurship</b> • Topic 4: Businesses	Teacher's Guide pp. 59–62	50	
2	6	Case study	Rubric/memo	<b>Financial literacy</b> • Topic 7: Income and expenses	Learner's Book pp. 88–89 Teacher's Guide pp. 78–79 and pp. 174–175	30	105
2	9–10	Mid-year exam (60 minutes)	Memo	<b>The economy</b> • Topic 1: The history of money • Topic 2: Needs and wants • Topic 3: Goods and services <b>Entrepreneurship</b> • Topic 4: Businesses <b>Financial literacy</b> • Topic 6: Accounting concepts • Topic 7: Income and expenses • Topic 8: Budgets	Learner's Book pp. 100–104 Teacher's Guide pp. 93–94	75	
3	6	Project	Rubric/checklist	<b>Entrepreneurship</b> • Topic 11: Starting a business	Learner's Book pp. 143–144 Teacher's Guide pp. 118–119 and pp. 176–179	50	150
3	10	Controlled Test 3 (90 minutes)	Memo	<b>Entrepreneurship</b> • Topic 10: The entrepreneur • Topic 11: Starting a business • Topic 12: Entrepreneur's Day <b>The economy</b> • Topic 13: Inequality and poverty	Teacher's Guide pp. 136–141	100	

Term	Week	Type of formal assessment	Tool(s) of assessment	Content and topic focus of assessment	Learner's Book and/or Teacher's Guide page reference	Total number of marks of task	Contribution to year mark
4	10	End-of-year exam (120 minutes)	Memo	<p><b>The economy</b></p> <ul style="list-style-type: none"> <li>• Topic 1: The history of money</li> <li>• Topic 2: Needs and wants</li> <li>• Topic 3: Goods and services</li> <li>• Topic 13: Inequality and poverty</li> <li>• Topic 15: The production process</li> </ul> <p><b>Entrepreneurship</b></p> <ul style="list-style-type: none"> <li>• Topic 4: Businesses</li> <li>• Topic 10: The entrepreneur</li> <li>• Topic 11: Starting a business</li> <li>• Topic 12: Entrepreneur's Day</li> </ul> <p><b>Financial literacy</b></p> <ul style="list-style-type: none"> <li>• Topic 6: Accounting concepts</li> <li>• Topic 7: Income and expenses</li> <li>• Topic 8: Budgets</li> <li>• Topic 16: Savings</li> </ul>	Learner's Book pp. 193–199 Teacher's Guide pp. 163–166 and pp. 192–201	150	150

SBA	Examination
Term 1: 80	Written examination: 150
Term 2: 105	
Term 3: 150	
Convert to 40%	Convert to 60%
Year mark: SBA + end-of-year examination = 100%	

### 3. Formal Assessment Tasks

When scheduling a task, the resource needs of a task must be considered. For example, you may want to schedule a task on the National Budget at the time when the Minister of Finance makes his presentation. Alternatively, you may want to link tasks to other significant or special days and events. You should allow time for research, if necessary – perhaps during holidays or long weekends – so that all learners can go to a library or interview people, or do whatever the task requires.

## Formal Assessment Task 1

Term 1, to be completed by Week 5

Marks: 30

### Type of task: Assignment

### Economic and Management Sciences topic: The economy

Topic 2: Needs and wants (Unlimited needs and wants and limited resources)

### Curriculum and Assessment Policy Statement (CAPS) content

- basic needs of individuals, families, communities and countries
- primary and secondary needs
- unlimited wants
- limited resources to satisfy needs and wants

### Background

In this task, learners are required to:

- Consider primary and secondary needs. They have learnt that people's basic needs must be satisfied for them to survive, and that people cannot think about meeting their secondary needs until their basic needs are satisfied. It is human nature for people to strive towards fulfilling their secondary needs. Human needs and wants keep increasing. When our basic needs are met, we move on to meeting our secondary needs. So, people's needs are unlimited, but their resources are limited.
- Understand that this is called the economic problem.
- Write an essay in which they describe the economic problem in terms of limited factors of production, which are land, labour, capital and entrepreneurship.

#### Resources

Learner's Book  
page 24

Teacher's Guide  
pages 31–33

Photocopies of  
assessment rubric

- Use their own needs, their family's needs, their community's needs or South Africa's needs as examples.

### Outlining the task with the learners

- Allow time in Term 1, immediately after you have completed Topic 2 in Week 5, to talk about this Formal Assessment Task with the learners.
- Read through the task with them and answer any queries.
- Allow learners one week to complete the essay at home.
- Remind the learners to ensure that they follow the format and criteria for structuring an essay outlined below.
- Draw the learners' attention to how the task will be assessed.

### Assessing the task

1. The suggested basic information for this essay is below. Please note that this is only a sample answer as learners are required to give their own opinions and offer their own reasoning. Marks should be awarded for all relevant points of view and examples, and for showing an understanding of the relevant theory.
2. Ensure that essays are logically structured, with an introduction, body paragraphs with topic sentences and a conclusion. The essays should be neatly presented and show evidence of having been revised and edited through a rough draft to final stage.
3. Spelling, grammar and punctuation should be correctly applied.
4. Use the mark allocation information and the rubric below to assess the learners' essays.
5. Record your assessments in the Formal Assessment Task 1 column on the Record sheet for Formal Assessment Tasks 1, 2 and 3 (page 188).

### Mark allocation

Learners' essay content is awarded a maximum of 20 marks. Award an additional 10 marks for layout, analysis, application and originality based on the following rubric.

The learner ...	Marks
structured the essay using an introduction, body paragraphs with topic sentences and a conclusion.	4
analysed the transition from primary to secondary needs.	2
applied the information learnt in a comprehensive and cohesive essay.	2
showed evidence of original thought.	2

(10)

## Rubrics

The learner ...		1	2	3	4
1.	showed an understanding of the economic problem.				
2.	described the factors of production.				
3.	prepared a well-written essay that had an introduction, body paragraphs and a conclusion.				
4.	completed the assignment with a positive attitude and on time.				
5.	used an example from his or her experience.				

(20)

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

Learners' essays include their own examples of personal, family, community and national needs. Their essays give the following basic information:

Individuals, families, communities and countries all have unlimited needs and wants. We all want more money, for example. Individuals want more money for things like food, clothing and luxury goods. Families want more money for a more comfortable lifestyle. Communities want more money for facilities, such as libraries and sports fields, and for services such as policing and healthcare. Countries want more money for stronger economies. However, individuals, families, communities and countries all have limited resources. We don't have enough resources to give us everything we need.

The problem of unlimited wants and limited resources is called the economic problem. The economic problem asks the question of how an economy's limited resources can satisfy people's unlimited needs and wants.

Learners consider what kinds of resources the economic problem refers to. The most valuable resources of any economy are natural resources of labour and capital. Labour means the capacity of the people of a country to work. Capital is the money that a country has for producing goods and services. In economics, a country's natural resources of labour and capital are called the factors of production that an economy uses to produce goods and services. If a country has limited factors

of production, the question is what it should use those factors of production to produce, to satisfy the needs and wants of its citizens.

The economic problem and primary and secondary needs are connected. A very poor country that doesn't produce enough food to feed its people cannot use its capital to set up factories that produce luxury goods, for example. The country needs to satisfy its citizens' basic needs before it can think about providing luxury goods. It needs to invest in projects that will increase its agricultural output so that it is able to feed its people first.

## Formal Assessment Task 2

Term 2, to be completed by Week 6

Marks: 30

### Type of task: Case study

### Economic and Management Sciences topic: Financial literacy

Topic 7: Income and expenses

### Curriculum and Assessment Policy Statement (CAPS) content

- personal income
- personal expenses
- types of personal income
- personal Statement of Net Worth
- types of income that businesses receive
- types of expenses that businesses have
- savings and investments in business

### Background

In this task, learners are required to:

- Do the case study on their own.
- Read the information provided.
- Draw up a personal Statement of Net Worth using this information.

### Outlining the task with the learners

- Allow time in Term 2, around Week 4 or 5, and after you have completed Topic 7, to talk about this Formal Assessment Task with the learners.
- Read through the task with them and answer any queries.
- Allow learners one or two weeks to complete the case study.
- Remind the learners to make sure that they follow the correct format for a Statement of Net Worth as outlined in the Learner's Book.
- Draw the learners' attention to how the task will be assessed.

#### Resources

Learner's Book  
page 88–89

Teacher's Guide  
pages 78–79

Photocopies of  
assessment rubric

## Assessing the task

1. The answers must be in the correct format. The suggested answer for the task is provided below.
2. Use the rubric to assess learners' answers.
3. Record your assessments in the Formal Assessment Task 2 column on the Record sheet for Formal Assessment Tasks 1, 2 and 3 (page 188).

## Rubric for the Statement of Net Worth

Section	0–1	2–3	4
Format	The format of the statement is not set out correctly.	The format of the statement is more or less set out in the correct format.	The format of the statement is set out correctly.
Content: Assets	Only a few correct items are listed under Assets.	Only three correct items are listed under Assets.	All the correct items are listed under Assets.
Content: Liabilities	No correct items are listed under Liabilities.	Only two correct items are listed under Liabilities.	All the correct items are listed under Liabilities.
		<b>Total: 12</b>	
		<b>Accuracy: 18</b>	
		<b>Total: 30</b>	

## Case study

E Roos is a Grade 7 learner attending boarding school for the first time in 2015. His parents live far away, so they opened a bank account for him. They deposited money into this account on a monthly basis. He must use this money to pay for everything he needs at school, for sports and for social activities. However, his parents expect him to keep every single invoice, receipt or document as proof of purchase. At the end of the first term he takes home the following documents. His mother knows he was taught in EMS how to draw up a Statement of Net Worth. She asks him to draw one up for the past three months ending 31 March 2015, using all the documents he brought home.

## Transactions / documents

- A cash invoice for a bicycle bought from Wellington Cycles, R1 250
- A till slip for a cellphone bought from Cell4U, R525. He was to repay this amount over three months and still owes one month's payment.
- Three cash register slips from Mr Prize for clothes: R245,50, R197,20 and R354,30
- A number of cash invoices from Welsport for a racquet, R120, a cricket bat, R246, a hockey stick, R210, and a skateboard, R135
- An ATM slip, indicating that there is R44,76 left in the account

- A ticket for a fine because he rode his skateboard on the pavement, R110. His father had to lend him the money to pay the fine.
- He still owes R125 to the local gym.

**Statement of Net Worth of E Roos for 3 months ended 31 March 2015**

<b>ASSETS</b>	<b>3 327,76</b>	<b>(✓)</b>
Bicycle	1 250,00	✓
Cellphone	525,00	✓
Clothing	797,00	✓✓✓
Sport equipment	711,00	✓✓✓✓
Cash	44,76	✓
<b>LIABILITIES</b>	<b>410,00</b>	<b>(✓)</b>
Debt to father	110,00	✓
Debt: Cellphone	175,00	✓✓
Debt: Gym	125,00	✓
<b>Net worth</b>	<b>2 917,76</b>	<b>(✓)✓</b>

## Formal Assessment Task 3

Term 3, to be completed by Week 6

Marks: 50

**Type of task: Project**

**Economic and Management Sciences topic: Entrepreneurship**

Topic 11: Starting a business

**Curriculum and Assessment Policy Statement (CAPS) content**

- needs and wants of consumers
- analysis of strengths, weaknesses, opportunities, threats (SWOT)
- setting goals
- achieving goals
- the concept of advertising
- media used in advertising
- principles of advertising
- budget for Entrepreneur's Day
- use of recycled material; simple cost calculation – variable cost, fixed cost, selling price

### Resources

Learner's Book  
pages 143–144

Teacher's Guide  
pages 118–119

Photocopies of  
assessment rubric



## Background

The project requires the learners to:

- Complete the project as homework on their own.
- Prepare to start their own small business.
- Work through the five steps outlined in the project information below. Learners may decide which format they would like to use to present their information, but ensure that the projects show evidence of the completion of all five steps.

## Outlining the task with the learners

- Give the learners plenty of notice for this Formal Assessment Task. Allow adequate time, even before completing Topic 11 in Week 5 to talk about this project with the learners. It must be completed by Week 6 of Term 3, which is before Entrepreneur's Day.
- Begin each lesson, for the duration of the project, with a short session in which you answer questions and gauge how well the learners are progressing with their projects.
- Read through the task with them and answer any queries.
- Remind the learners to ensure that they complete all five steps in their projects.
- Draw the learners' attention to how the task will be assessed.

## Assessing the task

1. The five steps of this project are outlined below. Learners are required to give their own opinions and offer their own reasoning. Marks should be awarded for all relevant points of view and examples, and showing an understanding of the relevant theory.
2. Allow for considerable flexibility in these projects. Since this will make your marking task more difficult, ensure that you allocate enough time to assess each project with the care it deserves.
3. Consider preparing a short report of your own to return to each learner, so that your expertise contributes to their knowledge and they do not just get a percentage as feedback. Make suggestions about how they could improve and give positive feedback about areas they handled successfully. Value their input.
4. Use the rubric below to assess the learners' projects.
5. Record your assessments in the Formal Assessment Task 3 column on the Record sheet for Formal Assessment Tasks 1, 2 and 3 (page 188).

## Rubric

Rating code	Description of competence	Percentage
7	Outstanding achievement: the learner had an excellent and viable business idea, and presented all of the information required creatively and attractively.	80–100
6	Meritorious achievement: the learner had a good and viable business idea, and presented all of the information required creatively and attractively.	70–79
5	Substantial achievement: the learner had a good business idea that had a fairly good chance of success, and presented most of the information required creatively.	60–69
4	Adequate achievement: the learner had a fairly good business idea, and presented some of the information required.	50–59
3	Moderate achievement: the learner had a business idea that was unlikely to work, and did not present all of the information required.	40–49
2	Elementary achievement: the learner's business idea was poor and only some of the required information was presented.	30–39
1	Not achieved: the learner did not submit the project, or submitted an incomplete version that was not thought through or presented well.	0–29

### **Part 1: Think of a business idea and say how you are suited to carrying it out (5)**

- 1.1 What kind of business would you like to start? Think about your likes and dislikes, and about what you would like to do one day. Write down your ideas.
- 1.2 What entrepreneurial qualities do you have that would make you well-suited to running the business you want to start? Write down your ideas.

### **Part 2: Determine the needs and wants of consumers in your area (10)**

- 2.1 Think about whether your business will satisfy consumers' needs or wants.
- 2.2 Write down the wants or needs your business will satisfy.
- 2.3 Explain how the business will do this.
- 2.4 Write down some ideas about how you would do market research to determine the needs and wants of consumers in your area.

**Part 3: Do a SWOT analysis and set goals for your business (5)**

3.1 Do a SWOT analysis of your business idea to map out the things that could affect the success of your business.

3.2 Set three SMART goals for your business.

**Part 4: Advertise your business (10)**

Think of the best media to use to advertise your business, then design an advertisement for the media you choose. For example, if you choose print media, you could draw up an advertisement for a newspaper or magazine. If you choose the radio, write the script for your advertisement.

**Part 5: Put all of your information together (20)**

5.1 You can put the information you have gathered for this project together in any form you would like. Be creative. You could use a poster, a report, a booklet, a model or an illustrated mind map, for example.

5.2 Compile all of your information in the format you have chosen.

5.3 Your teacher will display your projects in the classroom.

## 4. Tests and Examinations: Guidance

- Tests and examinations may include a variety of assessment styles such as multiple-choice questions, one-line answers, true-and-false questions, filling in the missing word, written paragraphs, labelling diagrams and doing calculations.
- Tests and examinations must be completed under strictly controlled conditions.
- The end-of-year examination for Grade 7 is set, marked and moderated internally.

Tests and examinations must cater for a range of cognitive levels. The following is the suggested weighting for the Senior Phase:

Cognitive levels	Activity	Percentage of task
Lower order	Assessing knowledge and remembering	30%
Middle order	Assessing understanding and application	40%
Higher order	Analysing, evaluating and creating	30%

## Controlled Test 1

Term 1, Week 10

Marks: 50

### Economic and Management Sciences topics:

#### The economy

- Topic 1: The history of money
- Topic 2: Needs and wants
- Topic 3: Goods and services

#### Entrepreneurship

- Topic 4: Businesses

### Curriculum and Assessment Policy Statement (CAPS) content

Content, knowledge and skills covered in Topics 1–4

#### Background

- You will find a photocopiable copy of Controlled Test 1 on pages 59–60 of this guide. Photocopy the test for each learner.

#### Resources

Teacher's Guide  
pages 59–62

A photocopy of the  
test paper for each  
learner

- The first controlled test focuses on all material covered in Term 1 and should be written in Week 10 of Term 1.
- These controlled tests follow a similar format to the examinations.

### **Outlining the task with the learners**

- Ensure that learners are aware from the beginning of Term 1, and remind them regularly, that they will be assessed on content covered in Topics 1–4.
- Explain to the learners that controlled tests look the same and require the same preparation as examinations.

### **Assessing the task**

1. You will find a photocopiable memorandum for Controlled Test 1 on pages 61–62 of this guide. You may photocopy this memorandum.
2. Mark the learners' tests according to this memorandum.
3. Record learners' marks in the Controlled Test 1 column on the Record sheet for Controlled Tests 1 and 2 (page 189).

## **Mid-year examination**

**Term 2, Weeks 9–10**

**Marks: 75**

### **Economic and Management Sciences topics:**

#### **The economy**

- Topic 1: The history of money
- Topic 2: Needs and wants
- Topic 3: Goods and services

#### **Entrepreneurship**

- Topic 4: Businesses

#### **Financial literacy**

- Topic 6: Accounting concepts
- Topic 7: Income and expenses
- Topic 8: Budgets

#### **Resources**

Learner's Book  
pages 100–104

Teacher's Guide  
pages 93–94

### **Curriculum and Assessment Policy Statement (CAPS) content**

Content, knowledge and skills covered in Terms 1–2

#### **Background**

The mid-year examination focuses on all material covered in Terms 1 and 2 and the questions require lower order, middle order and higher order thinking skills from the learners.

The examination is divided into four sections as follows:

- Section A: Covers all the topics  
All questions are compulsory and they require short, direct answers that range from one word to a phrase or a sentence in length (20 marks)
- Section B: Topic: The economy  
All questions are compulsory and they require learners to present and apply their knowledge and skills in answers that range from short direct responses, full sentences in point form to extended writing in short paragraphs (15 marks)
- Section C: Topic: Financial literacy  
All questions are compulsory and learners are required to answer questions to show understanding of content and solve problems using the financial accounting they have learnt, in different scenarios (25 marks)
- Section D: Topic: Entrepreneurship  
All questions are compulsory and learners are required to use their knowledge and skills to apply content to real-life scenarios and case studies (15 marks)

### **Outlining the task with the learners**

- At the beginning of Term 2, spend some time discussing with the learners what material they will need to cover for the examination.
- In Weeks 4 or 5 of Term 2, spend some time discussing the format of the examination with the learners, including how much time they will be given to complete it. You can refer to the notes in 'Background' above to help you with this explanation.
- In Weeks 9–10 of Term 2, spend time preparing for the examination.
- Explain that the way the examination is structured means that they will not be able to leave out any sections of work as they prepare for it.

### **The task**

- The learners will find an examination practice paper on pages 100–104 of the Learner's Book. The marking memorandum to this paper appears on pages 93–94 of this guide (Section 2).
- Use the format of this mid-year examination practice paper to prepare an actual mid-year examination paper. Refer to the guidelines here and in the CAPS document to help you. The Learner's Book also has a Study skills section that may be useful.

### **Assessing the task**

1. Formulate a memorandum for the examination.
2. Mark the learners' exams according to this memorandum.
3. Record learners' marks in the Mid-year examination column on the Record sheet for Mid-year and End-of-year examinations (page 189).

# Controlled Test 2

Term 3, Week 10

Marks: 50

## Resources

Teacher's Guide  
pages 136–141

A photocopy of the  
test paper for each  
learner

## Economic and Management Sciences topics:

### Entrepreneurship

- Topic 10: The entrepreneur
- Topic 11: Starting a business
- Topic 12: Entrepreneur's Day

### The economy

- Topic 13: Inequality and poverty

## Curriculum and Assessment Policy Statement (CAPS) content

Content, knowledge and skills covered in Topics 10–13

### Background

- You will find a photocopiable copy of Controlled Test 2 on pages 136–138 of this guide. Photocopy the test for each learner.
- The second controlled test focuses on all material covered in Term 3 and should be written in Week 10 of Term 3.
- These controlled tests follow a similar format as the examinations.

### Outlining the task with the learners

- Ensure that learners are aware from the beginning of Term 3, and remind them regularly, that they will be assessed on content covered in Topics 10–13.
- Explain to the learners that controlled tests look the same and require the same preparation as examinations.

### Assessing the task

1. You will find a photocopiable memorandum for Controlled Test 2 on pages 139–141 of this guide. You may photocopy this memorandum.
2. Mark the learners' tests according to this memorandum.
3. Record learners' marks in the Controlled Test 2 column on the Record sheet for Controlled Tests 1 and 2 (page 188).

# End-of-year examination

Term 4, Weeks 8-10

Marks: 150

## Economic and Management Sciences topics:

### The economy

- Topic 1: The history of money
- Topic 2: Needs and wants
- Topic 3: Goods and services
- Topic 13: Inequality and poverty
- Topic 15: The production process

### Entrepreneurship

- Topic 4: Businesses
- Topic 10: The entrepreneur
- Topic 11: Starting a business
- Topic 12: Entrepreneur's Day

### Financial literacy

- Topic 6: Accounting concepts
- Topic 7: Income and expenses
- Topic 8: Budgets
- Topic 16: Savings

### Resources

Learner's Book  
pages 193–199

Teacher's Guide  
pages 163–166 and  
193–202

A photocopy of  
the end-of-year  
examination paper  
for each learner

## Curriculum and Assessment Policy Statement (CAPS) content

Content, knowledge and skills covered in Terms 1–4

### Background

The end-of-year examination focuses on all material covered during the year and the questions require lower order, middle order and higher order thinking skills from the learners. The examination is divided into four sections as follows:

- Section A: Covers all the topics  
All questions are compulsory and they require short, direct answers that range from one word to a phrase or a sentence in length (40 marks)
- Section B: Topic: The economy  
All questions are compulsory and they require learners to present and apply their knowledge and skills in answers that range from short direct responses, full sentences in point form to extended writing in short paragraphs (30 marks)
- Section C: Topic: Financial literacy  
All questions are compulsory and learners are required to answer questions to show understanding of content and solve problems using the financial accounting they have learnt, in different scenarios (50 marks)



- Section D: Topic: Entrepreneurship  
All questions are compulsory and learners are required to use their knowledge and skills to apply content to real-life scenarios and case studies (30 marks)

### **Outlining the task with the learners**

- At the beginning of Term 4, spend some time discussing with the learners what material will need to be covered by them in the examination.
- In Week 4 of Term 4, spend some time reminding learners about the format of the examination, including how much time they will be given to complete it. You can refer to the notes in 'Background' above to help you with this explanation.
- In Weeks 8–9 of Term 4, spend time preparing for the examination.
- Explain that the way the examination is structured means that they will not be able to leave out any sections of work as they prepare for it.

### **The task**

- The learners will find an examination practice paper on pages 192–198 of the Learner's Book. The marking memorandum to this paper appears on pages 163–166 of this guide (Section 2).
- An end-of-year examination paper for the actual examination appears on pages 192–197 of this guide (Section 4). Photocopy this examination paper for the learners.

### **Assessing the task**

1. You will find a photocopiable memorandum for the actual end-of-year examination on pages 198–201 of this guide (Section 4). You may photocopy this memorandum.
2. Mark the learners' exams according to this memorandum.
3. Record learners' marks in the End-of-year year examination column on the Record sheet for Mid-year and End-of-year examinations (page 189).

## 5. Recording and reporting

The results of all Formal Assessment Tasks, tests and examinations should be recorded and are used for reporting on learners' performance each term.

Recording is a process by which you document the level of a learner's performance in a specific assessment task. Records of learner performance should provide evidence of the learner's conceptual progression within a grade and her or his readiness to progress or be promoted to the next grade. Records of learner performance should also be used to verify the progress made by yourself and your learners in the teaching and learning process.

The Programme of Assessment (pages 169–170) details how a learner's Economic and Management Sciences mark per term is arrived at.

The following photocopiable assessment recording tools are provided in this guide:

- Record sheet for Formal Assessment Tasks 1, 2 and 3
- Record sheet for Controlled Tests 1 and 2
- Record sheet for Mid-year and End-of-year examinations
- Economic and Management Sciences assessment record sheet

Reporting is a process of communicating learner performance to learners, parents, schools, and other stakeholders. Learner performance can be reported in a number of ways. These include report cards, parents' meetings, school visitation days, parent-teacher conferences, phone calls, letters, class or school newsletters, etc. Marks in all subjects must be recorded in percentages. Reporting on learners' progress in Economic and Management Sciences should be done using the following seven rating codes and descriptors:

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29









## **4. Resources**

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- |   |            |
|---|------------|
| <b>1. Actual end-of-year examination paper and marking memorandum</b> | <b>192</b> |
| <b>2. PowerPoint CD</b>   | <b>202</b> |
| <b>3. List of useful reading material and Internet resources</b>      | <b>203</b> |
| <b>4. Glossary for teachers</b>                                       | <b>204</b> |
| <b>5. Lesson plan template</b>  | <b>209</b> |

# 1. Actual end-of-year examination paper and marking memorandum

GRADE 7	END-OF-YEAR EXAMINATION	TERM 4
TIME: 2 HOURS		TOTAL: 150 MARKS

## SECTION A QUESTION 1 TASK

**[20 marks; 16 minutes]**

Match the term in Column A to the explanation in Column B. Only write the number and letter from each column.

Column A		Column B	
1.	Consumer economy	A	Things that people would like to have but do not need to have
2.	Financial records	B	Parts of a business that shareholders buy to supply a business with the capital required to start operating
3.	Fixed costs	C	People who use resources to make goods and to offer services
4.	Needs	D	You hand over a part of your work to another person or business to carry out
5.	Learnerships	E	When somebody is employed or is actively looking for employment
6.	Outsource	F	Events where buyers and sellers exchange assets for money
7.	Producers	G	Businesses encourage consumers to spend as much money as possible on buying their goods
8.	Shortage	H	Limited supply
9.	Shares	I	Entries of the financial transactions of a business
10.	Economically active	J	Costs that do not change, no matter how many goods are manufactured
		K	When you work for a business and undergo training at the same time
		L	Things you cannot do without

(10 × 2 = 20)

## QUESTION 2 TASK

**[10 marks; 8 minutes]**

Indicate whether the following statements are TRUE or FALSE. Only write the number and TRUE or FALSE.

- 2.1 Under the apartheid government, black farmers were forced to leave their land.
- 2.2 A household cannot be both a consumer and a producer.
- 2.3 Food, warmth and rest are secondary needs.
- 2.4 In order to facilitate trade, paper money in the form of bank notes was used.
- 2.5 An example of a business expense is staff salaries and wages.

(5 × 2 = 10)



### QUESTION 3

[10 marks; 8 minutes]

#### TASK

Choose the answer that is correct and write down **ONLY** the correct letter next to the number.

3.1 The net value =

- A: Total liabilities – Total assets
- B: Fixed assets – Current assets
- C: Total assets – Total liabilities
- D: Income – Liabilities

3.2 Production factors include:

- A: Capital and labour
- B: Natural resources and entrepreneurship
- C: Capital and natural resources
- D: Capital, labour, natural resources and entrepreneurship

3.3 To save money the following must be done:

- A: Spend more money than you earn
- B: Always keep cash on hand to buy the basics
- C: Do not learn from the past
- D: Do not worry about the future, especially the long term

3.4 The following are not characteristics of an entrepreneur:

- A: Creative thinker
- B: Good imagination
- C: Does not give up
- D: Does not take risks

3.5 Electronic banking consists of:

- A: Internet
- B: Cellphones
- C: Automated teller machine
- D: All of the above

(5 × 2 = 10)

### SECTION B

#### QUESTION 4

[8 marks; 6 minutes]

#### TASK

Read the sentences below and answer the question.

- a) Sasha likes to buy clothes and shoes. She likes to spend money. She paid for her purchases using a credit card.
- b) Dino was robbed recently and he does not want to carry cash anymore. He uses his debit card to pay for his purchases.
- c) Ms Tshabalala pays her workers weekly. She writes out a cheque for their wages.
- d) My mother pays my school fees with a debit order.

- 4.1 For each sentence, identify what form of payment was used and explain how that method of payment works. (2 × 4 = 8)

## QUESTION 5

[22 marks; 18 minutes]

### TASK

Answer the following questions.

- 5.1 Explain what goods and services are and give an example of each. (6)
- 5.2 Why do consumers buy goods and services? (2)
- 5.3 State how the money that consumers spend ensures that goods and services are produced. (2)
- 5.4 Define socio-economic imbalances. (2)
- 5.5 Name TWO causes of the socio-economic imbalances in South Africa. (4)
- 5.6 Define the following concepts:
- 5.6.1 Productivity (2)
  - 5.6.2 Economic growth (2)
  - 5.6.3 Technology (2)
- [22]

## SECTION C

### QUESTION 6

[22 marks; 18 minutes]

John has a plumbing service (John's Plumbing Service) and Fatima (the bookkeeper) provides John with the following information regarding transactions entered into during April.

### TASK

- 6.1 Complete the spreadsheet. Add more lines if necessary.

### Information

John borrowed R12 000 from his uncle and promised to repay it in monthly amounts of R1 000. He also paid R8 000 from his own savings into the business bank account as a capital contribution. Two days later, he bought a computer for R6 000 and plumbing tools for R3 000. He also bought uniforms for himself and for his assistant, which cost him R400 altogether. The next day he was called to the local school to repair their water pipes and received R1 600 in payment. Fatima reminded John to pay his uncle the R1 000 plus R100 interest on the loan, as he had promised to do.

## Interpretation of John's Plumbing Services spreadsheet

	ASSETS		LIABILITIES	NET VALUE (Ownership interest)
Bank	Equipment	Clothes	Loan from uncle	

(22)

### QUESTION 7

[14 marks; 11 minutes]

#### TASK

Answer the following questions.

- 7.1 Define a budget. (2)
- 7.2 Indicate whether the following are financial transactions or financial records: (2)
- 7.2.1 Buying airtime at a shop (2)
- 7.2.2 Buying a book online using electronic banking (2)
- 7.2.3 Cash register slip for money you paid to a shop (2)
- 7.3 Distinguish between personal income and personal expenses. (4)
- 7.4 Explain the difference between current and long-term liabilities. (2)
- [14]

### QUESTION 8

[14 marks; 11 minutes]

#### TASK

Read the case study and answer the questions that follow.

#### **Saving can help everybody**

There are many poor people in South Africa. However, even poor people with little income can have their dreams come true by pooling (adding together) their resources to pay for large items for each member of the group in turn. Informal savings clubs are founded by people who know one another and regularly contribute to the scheme. The contributions are kept in an account with a registered bank. Members of these savings clubs know and trust one another. People who want to start their own business, for example, can choose to pay a fixed amount into this account every month. Each person chooses a month in which he or she wants to receive all contributions in the pool. In this way, everybody has a turn to receive a substantial amount of money.

- 8.1 Give ONE example of an informal way to save money. (2)
- 8.2 Give TWO reasons why you should save. (4)
- 8.3 Explain how you think the money in these savings clubs and the money invested with financial institutions, such as banks, can be used to benefit the economy. Give three examples. (6)
- 8.4 Define a financial institution. (2)
- [14]

## SECTION D

### QUESTION 9

#### TASK

[30 marks; 24 minutes]

Read the report and answer the questions.

#### How are businesses in Soweto doing?

In 2008, the informal sector in South Africa supplied more than a fifth of the workforce with work. Since the unemployment rate was 22% in Johannesburg, the proportion of people who work in the informal sector in Soweto would have been higher.

Street vendors and home-based businesses in Soweto suffered badly between 2007 and 2008. This was partly due to the opening of shopping centres. Township businesses were historically characterised as small, mostly informal businesses, selling basic goods and services, according to a report from the Bureau of Market Research. The increase in consumer spending by residents of Soweto during the past decade, and the fact that 83% of the residents have no intention of moving away from the township has contributed to the development of large shopping centres. These new shopping centres pose a threat to the survival of the informal business sector in the township.

Only 57% of small businesses were operating on the same premises in 2008 compared to 2007. During the same period, 13% moved to other premises and 30% closed down. The surviving business owners all shared one common characteristic -- they had implemented substantially more entrepreneurial initiatives than the owners of the failed businesses had done. Most of the surviving businesses were located in the shopping centres and were more formalised. Their survival rate of 70% between 2007 and 2008 was significantly higher than that of the home-based businesses and street vendors, where survival rates were 54% and 28% respectively.

The businesses that survived had several other characteristics, which are listed below. Successful businesses:

- were older than businesses that had failed
- had been created as a result of an opportunity and had not been driven by unemployment

- were characterised by full-time involvement of the owners
- were mainly incorporated registered businesses and franchises
- were operated from a permanent brick structure
- had access to a variety of facilities such as vehicles and telephones
- showed higher employment rates and turnover than the unsuccessful businesses.

The unsuccessful businesses had not adapted their business strategies to the more competitive environment and had ignored the emergence of shopping centres. The trends in Soweto are relevant to other townships that are also developing major shopping centres, as well as to other areas where such shopping centres are planned. Municipalities should not just ignore the informal sector - it has a major effect on employment and sustainability. There have been several workshops held by municipalities to emphasise the importance of the informal sector in terms of economic support of the huge unemployed population. (Source: Adapted from the Municipality outreach project, Newsletter 34, August 17, 2009)

- 9.1 What percentage of people in South Africa were employed in the informal sector in 2008? (2)
- 9.2 According to the report, what had the nature of businesses in townships been in the past? (2)
- 9.3 Explain what had threatened the survival of these businesses. (2)
- 9.4 List the characteristics of the businesses that survived. (7)
- 9.5 State the TWO actions that the unsuccessful businesses had failed to take. (4)
- 9.6 Explain the importance of informal businesses, according to this report. (6)
- 9.7 Name any THREE entrepreneurial characteristics that entrepreneurs of successful businesses showed. (3)
- 9.8 It is advisable to analyse your business idea before you start your business. Explain what a SWOT analysis is. (4)
- [30]

**TOTAL: 150 MARKS**

**SECTION A****QUESTION 1**

1. G
2. I
3. J
4. L
5. K
6. D
7. C
8. H
9. B
10. E

(10 × 2 = 20)

**QUESTION 2**

- 2.1 True
- 2.2 False
- 2.3 False
- 2.4 True
- 2.5 True

(5 × 2 = 10)

**QUESTION 3**

- 3.1 C
- 3.2 D
- 3.3 B
- 3.4 D
- 3.5 D

(5 × 2 = 10)

**SECTION B****QUESTION 4**

- a) Credit card: You 'borrow' money from the bank for your purchases with a credit card and pay it back to the bank with interest.
- b) Debit card: You use your own money from your bank account to pay for your purchases. You can only spend what is available in your bank account.
- c) Cheque: This is an instruction you give to the bank to pay money from your account to the person to whom the cheque is made out.
- d) Debit order: This is an instruction to the bank to pay a certain amount to a person or business on a certain date each month.

(2 × 4 = 8)

## QUESTION 5

- 5.1 Goods are items that are manufactured and produced; that we can see and touch. ✓✓ e.g. cars, shoes, etc. ✓  
 Services are what other people do to help you, and cannot be seen or touched. ✓✓ e.g. gardening services, hairdressing, etc. ✓ (6)
- 5.2 Consumers buy goods and services to satisfy their needs and wants. (2)
- 5.3 Consumers use their money to buy goods and services and that money is used to produce and manufacture more goods and services. (2)
- 5.4 imbalances in people's access to resources such as housing, health, education and a decent standard of living (2)
- 5.5 Apartheid; the government's poor service delivery. (2 × 2 = 4)
- 5.6.1 Productivity refers to the number of units of a good or service that can be produced as output in the production process (a measure of how much you get out of the effort you put into something) (2)
- 5.6.2 Economic growth: an increase in the economy's ability to produce goods and services over a specific period of time (2)
- 5.6.3 Technology refers to anything that uses information in a practical way in our work and everyday life to make a process quicker and more efficient. (2)
- [22]

## SECTION C QUESTION 6

	ASSETS			LIABILITIES	NET VALUE (Ownership interest)
	Bank	Equipment	Clothes	Loan from uncle	
	+12 000✓			+12 000✓	
	+8 000✓				+8 000✓
	-6 000✓	+6 000✓			
	-3 000✓	+3 000✓			
	-400✓		+400✓		
	+1 600✓				+1 600✓
	-1 000✓			-1 000✓	
	-100✓				-100✓
	R11 100✓	R9 000✓	R400✓	R11 000✓	R9 500✓✓

(22)

## QUESTION 7

- 7.1 A budget is a list showing the money you expect to earn and the expenses you expect to have to cover within a specific period (2)
- 7.2.1 Financial transaction (2)
- 7.2.2 Financial transaction (2)
- 7.2.3 Financial record (2)
- 7.3 Personal income: an individual's total annual earnings from all sources such as salaries, wages, investments, dividends, rentals, profits and interest (2)
- Personal expenses: all expenses or costs you incur in daily life (2)
- 7.4 With current liabilities you have to pay back the debt within a few months (less than a year), whereas with long-term liabilities, debts are repayable over a period of more than a year. (2)

## QUESTION 8

- 8.1 *Stokvel* (2)
- 8.2 Money for your retirement  
Money for emergencies  
Money for in case you lose your job (any 2 × 2 = 4)
- 8.3 It creates job opportunities ✓✓  
It promotes the country's economic growth ✓✓  
It stimulates the country's needs and desires ✓✓ (6)
- 8.4 Financial institutions are businesses that receive money, keep, lend and invest it. (2)
- [28]

## SECTION D

### QUESTION 9

- 9.1 20% ✓✓
- 9.2 Businesses were small, mostly informal and sold basic goods and services. ✓✓
- 9.3 The construction of large shopping centres ✓✓
- 9.4 Successful businesses:
- were older than businesses that had failed
  - had been created as a result of an opportunity and had not been driven by unemployment
  - were characterised by full-time involvement of the owners
  - were mainly incorporated registered businesses and franchises
  - were operated from a permanent brick structure
  - had access to a variety of facilities such as vehicles and telephones
  - showed higher employment rates and turnover than the unsuccessful businesses (7)
- 9.5 They failed to adapt their business strategies to the more competitive environment ✓✓ and had ignored the emergence of shopping centres. ✓✓



- 9.6 The major effect they have on employment ✓✓ and sustainability ✓✓ and the economic support they provide to the huge unemployed population ✓✓
- 9.7 Takes risks; is confident, energetic, a creative thinker, responsible, a good planner, hardworking, a good imagination, has a vision for success, etc. (any 3 × 1 = 3)
- 9.8 an analysis of a business's strengths, weaknesses, opportunities and threats; it helps anticipate and solve possible problems
- S = Strengths ✓
- W = Weaknesses ✓
- O = Opportunities ✓
- T = Threats ✓

(4)

[30]

**TOTAL: 150 MARKS**

## 2. PowerPoint CD

This Teacher's Guide comes with a CD that provides MS PowerPoint slides for some of the Economic and Management Sciences lessons.

### 3. List of useful reading material and Internet resources

1. Read as much literature as you can that is relevant to Economic and Management Sciences:
  - Financial magazines, e.g. *Financial Mail*
  - Financial newspapers, e.g. *Business Day* and the financial sections in newspapers, e.g. Personal Finance section in the *Sunday Times*
  - Internet websites dealing with national and international financial and economic matters, especially entrepreneurs and entrepreneurship
  - *National Geographic* for information on people and their life circumstances around the world.
2. Stay abreast of current affairs and events that impact the South African and global economies, e.g. natural disasters.
3. Find various statistics that support the information that you are teaching, e.g. the contributions of the different business sectors to the South African economy:  
[http://www.medioclubsouthafrica.com/index.php?option=com\\_content&view=article&catid=37:economy\\_bg&id=111:sa-economy-key-sectors](http://www.medioclubsouthafrica.com/index.php?option=com_content&view=article&catid=37:economy_bg&id=111:sa-economy-key-sectors) and <http://www.southafrica.info/business/economy/sectors/>
4. Websites of various banks (ABSA, FNB, Capitec, Standard, Nedbank, etc.) and financial institutions (Old Mutual, Sanlam, Investec)
5. Websites such as <http://www.info.gov.za> offer current information on the South African government and copies of state documents, e.g. the SA Constitution: <http://www.info.gov.za/documents/constitution/1996/a108-96.pdf>
6. National Department of Trade and Industry:  
<http://www.thedti.gov.za/>  
Small Enterprise Development Agency: <http://www.seda.org.za>  
The National Treasury website: <http://www.treasury.gov.za/>  
South African Revenue Service: <http://www.sars.gov.za/>

## 4. Glossary for teachers

**accountability** – the acknowledgement and assumption of responsibility for your actions, duties and decisions. Someone who is accountable should be able to justify and explain his/her decisions and actions

**accounting concepts** – words that are used in accounting (e.g. assets, owner's equity, liabilities)

**accounting cycle** – steps that are followed from the initiating of a transaction to the final reporting on it

**accounting equation** –  $\text{assets} = \text{owner's equity} + \text{liabilities}$

**acquisition and disposal of tangible assets** – the purchase and sale of fixed assets

**administrative costs** – the costs incurred in administering a manufacturing business

**Balance Sheet** – a statement that reflects the financial position of the business on a specific date

**books of first entry** – all subsidiary journals (cash, debtors, creditors and general journals, etc.)

**break-even point** – the point when the cost of the number of units of a good produced equals the total sales of that good sold, with no loss or profit to the business

**business cycle** – the fluctuation of economic activity in the economy (sometimes with no regular intervals)

**business plan** – an action plan that entrepreneurs draw up for the purpose of starting a business

**cash budget** – cash forecast of future cash receipts and payments, setting out the expected cash receipts and cash payments over the budget period

**circular flow** – the flow of goods and services in one direction and money in another and opposite direction, between consumers, businesses, the public sector and the foreign sector

**close corporation** – a form of ownership (according to Act 74 of 1984)

**Code of ethics** – a written set of rules and guidelines which outline the moral standards and ethical principles to be followed by an organisation and all of its members

**company** – a form of ownership (according to Act 61 of 1973 as amended)

**consumer** – someone who uses goods and services to satisfy wants

**consumable goods** – items that are used up (consumed) during the financial year, such as stationery, packaging and cleaning materials

**contemporary** – existing at the present time

**cost principles** – the methods used to classify and determine costs (e.g. direct cost, indirect cost)

**creditors payment schedules** – timelines to pay creditors

**current accounting practices** – current accounting practice in South Africa, determined by the various Acts of Parliament and GAAP

**cycle** – the oscillation of the values of economic variables around a secular trend line

**debtors collection schedules** – timelines for receipt of payments from debtors

**depreciation** – a decrease in the value of an asset over a period of time

**direct labour costs** – the salaries and wages paid to the employees who are directly involved in the manufacture of a good.

**direct material costs** – the costs of all the raw materials that are used directly in the manufacture of a good

**discuss** – compare a number of possible views about an issue or problem and weigh up their relative importance

**drawings** – cash or other assets that the owner withdraws from the business

**economic empowerment** – enhancing the ability of people to take control of their lives and make responsible economic decisions

**economic growth** – an increase in the economic activity of the country which results in a rise in the standard of living

**economy** – an area in which production, consumption and exchange takes place

**employee contributions** – money deducted from the employee's salary towards a particular fund (e.g. medical aid, unemployment insurance fund)

**employer contributions** – additional contributions by the employer towards the various employee funds (e.g. unemployment insurance fund)

**entrepreneur** – a person with a good idea who combines the factors of production to produce goods and services

**ethics** – the moral values and principles that set the standards of good and proper conduct for people and organisations

**evaluate** – compare a number of views about an issue or problem and weigh up their relative importance (like discuss); a final judgement is essential

**examine** – break down a problem or an issue in order to understand it

**exchange** – trading goods and services for money

**externality** – third-party effect; a consequence of an economic activity which affects other parties without this being reflected in market prices

**factors of production** – the physical, financial and human resources used in production

**final accounts** – accounts that are prepared for the determination of profit or loss and the distribution of these in accordance with accounting practice

**financial accounting** – financial information primarily for internal use

**financial period** – a predetermined timeline for financial activities

**financial statement** – final report reflecting financial results and position for a given period in accordance with accounting practice

**fixed costs** – costs that remain the same regardless of the level of production

**franchise** – the right to run a business using the name and idea of an established person

**Generally Accepted Accounting Practices (GAAP)** – concepts and principles according to accounting standards regulated by the Companies Act (Act No. 61 of 1993), and which are acceptable in the financial world

**global economy** – the world-wide economy

**human right** – a right that belongs to all persons

**indigenous** – originating in the region or country where found; native

**indirect labour costs** – the salaries and wages paid to the employees who are not directly involved in the manufacture of a good

**indirect material costs** – the cost of the raw materials used in the manufacturing process, which are either not directly identifiable in the finished goods or are a relatively insignificant part of the finished goods

**insurance** – providing financial protection in the event of loss

**internal audit** – an independent objective assurance and consulting activity designed to add value and improve an organisation's operation

**internal control** – an action taken by management to enhance the likelihood that established objectives and goals will be achieved

**International Financial Reporting Standards (IFRS)** – a single set of high-quality financial reporting standards, developed by the International Accounting Standards Board (IASB), which is fast becoming the global standard for the preparation of public company financial statements

**inventory** – various stocks on hand for resale or manufacturing purposes

**investigate** – to look for evidence, explain and analyse (e.g. investigate why the government chose to increase interest rates in July)

**King Code** – a report drawn up by a South African committee chaired by former High Court judge, Mervyn King, which sets out the principles and guidelines relating to good and ethical corporate governance

**macro-economics** – the part of Economics concerned with large-scale or general economic factors (e.g. interest rates, national productivity)

**managerial accounting** – provides financial information primarily for internal use

**marginalised** – having been pushed to the margins or edges (e.g. marginalised people – people who have been pushed to the edge of economic activity – the poorest, the unemployed, those most vulnerable)

**market** – the interface of buyers and sellers that influences the price of a good or service

**marketing mix** – the combination of price, product, place and promotion to make a good or service desirable to the consumer

**micro-economics** – the part of Economics concerned with single factors and focusing on the smallest decision-making unit

**mortgage bond** – a loan taken out at a commercial bank in order to buy property, which is repaid over a long period (usually 20 years) and is classified as a non-current liability

**need** – the desire for a good or a service

**needs analysis** – identifying the needs of customers

**non-profit organisation** – an organisation whose major focus point is service delivery and not profit

**price** – the amount of money paid for a good or service

**production cost** – various costs incurred in the production of a good

**productivity** – a measurement of the output of labour in production

**profitability** – a business's ability to generate profit and a measure of how well a business has performed

**projected Income Statement** – a forecast of future revenue and expenditure

**sustainability** – the ability to maintain economic, social and environmental resources, by operating in a manner that does not jeopardise our current and future social, environmental and economic well being

**sustainable development** – development that meets the needs of the present without compromising the ability of future generations to meet their own needs

**tangible assets** – all fixed assets (moveable and non-moveable)

**trade union** – an association established by workers to look after their interests (e.g. salaries, working conditions)

**transparency** – an open and honest way of doing things that allows other people to know exactly what you are doing and does not seek to hide the truth

**variable costs** – the costs that change with the level of production

**ventures** – commercial undertakings where there is a possibility of loss as well as profit

**vulnerable** – exposed to attack or harm, either physical or emotional (e.g. economically, women, children, the elderly, the handicapped, the poor)

**want** – a need backed by the willingness to sacrifice resources to satisfy it

**workplace forum** – committee of workers operating at the workplace to address issues that concern them directly



## 5. Lesson plan template

Topic of lesson:	
Term/Week/Learner's Book page reference/ Time	
Curriculum and Assessment Policy Statement (CAPS) content:	
Resources:	
New words and concepts:	
Preparation:	
Teaching the topic (guidelines for each lesson):	
Activity questions and answers:	
Informal assessment of relevant activities:	
Consolidation/ extension activities and answers:	



## **5. Assessment Templates**

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- |                                     |            |
|-------------------------------------|------------|
| <b>1. Self-assessment template</b>  | <b>212</b> |
| <b>2. Peer assessment template</b>  | <b>213</b> |
| <b>3. Group assessment template</b> | <b>214</b> |

## 1. Self-assessment template

My name: \_\_\_\_\_

Date: \_\_\_\_\_ Activity: \_\_\_\_\_

Choose one of the columns to record how well you did this activity.

7 Outstanding (80-100%)	6 Meritorious (70-79%)	5 Substantial (60-69%)	4 Adequate (50-59%)	3 Moderate (40-49%)	2 Elementary (30-39%)	1 Not achieved (0-29%)
I understood exactly what to do and did outstanding work.	I understood what to do very well and did very good work.	I understood what to do well and did good work.	I understood more or less what to do and completed most of the work.	I needed some help and completed some of the work.	I needed quite a lot of help to do this. I was not sure what to do.	I did not understand the work at all. I need a lot of help.

### Comments on my work

1. What I liked about my work

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2. How I can improve my work

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## 2. Peer assessment template

My name: \_\_\_\_\_

My partner's name: \_\_\_\_\_

Date: \_\_\_\_\_ Activity: \_\_\_\_\_

Choose one of the columns to record how well your friend did in this activity.

7 Outstanding (80-100%)	6 Meritorious (70-79%)	5 Substantial (60-69%)	4 Adequate (50-59%)	3 Moderate (40-49%)	2 Elementary (30-39%)	1 Not achieved (0-29%)
I cannot find anything wrong with this work. It is excellent.	There are not many things that can be improved. It is very good.	There are a few things that can be improved, but I think this is good.	I think this needs a bit more work and then it will be good.	I think my partner needs some help with this.	I don't think my partner understood everything very well.	I don't think my partner understands this work at all.

### Comments on my partner's work

1. What I liked about my partner's work

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2. How my partner can improve his/her work

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### 3. Group assessment template

Names: \_\_\_\_\_

Date: \_\_\_\_\_ Activity: \_\_\_\_\_

Choose one column to show how well your group did this activity.

Criteria	7 Outstanding (80-100%)	6 Meritorious (70-79%)	5 Substantial (60-69%)	4 Adequate (50-59%)	3 Moderate (40-49%)	2 Elementary (30-39%)	1 Not achieved (0-29%)
We made decisions together.							
Everyone contributed ideas.							
We gave each other a turn to talk.							
We followed the instructions.							
We used the time to work together.							

#### Comments on our group's work

1. What I liked about my group's work

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2. How we as a group can improve our work

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## **6. Source documents and journal templates**

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<b>1. Cash Payments Journal</b>	<b>216</b>
<b>2. Cash Receipts Journal</b>	<b>217</b>
<b>3. General Ledger account</b>	<b>218</b>
<b>4. Trial Balance</b>	<b>219</b>
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<b>6. Creditors Ledger</b>	<b>220</b>
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<b>8. Debtors Journal</b>	<b>221</b>
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<b>10. Deposit slip</b>	<b>223</b>
<b>11. Cheque and cheque counterfoil</b>	<b>223</b>
<b>12. Receipt</b>	<b>224</b>
<b>13. Cash Invoice</b>	<b>224</b>
<b>14. Income Statement of a services business (for enrichment only)</b>	<b>225</b>
<b>15. Income Statement of a trading business (for enrichment only)</b>	<b>226</b>







3.

General Ledger of \_\_\_\_\_

\_\_\_\_\_ account

Dr Cr

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount

Dr Cr

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount

Dr Cr

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount

Dr Cr

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount



**5.**

**Debtors Ledger of \_\_\_\_\_**

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Date		Details/Document no.	Fol.	Debit (+)		Credit (-)		Balance	

**6.**

**Creditors Ledger of \_\_\_\_\_**

---

Date		Details/Document no.	Fol.	Debit (-)		Credit (+)		Balance	

7.

Assets		Owner's Equity		Liabilities	
Effect	Reason	Effect	Reason	Effect	Reason

8.

Debtors Journal of \_\_\_\_\_

DJ \_\_\_\_\_

Doc. no.	Day	Debtor	Fol.	Sales	Cost of sales



10.

<b>DEPOSIT SLIP</b>									
Bank _____			Date _____						
Cash being deposited									
Credit			Account number						
							<b>R</b>	<b>c</b>	
			Note						
			Silver						
			Bronze						
			Money orders						
			Sub-total						
Cheques deposited	Drawer's name	Bank	Branch name / clearance code						
	1								
	2								
	3								
Details of Depositor									
Name				Total		<b>R</b>			
Signature		Tel							
						Deposit reference			

11.

TO		004-003	
FOR		<b>CHEQUE</b>	
Balance	R	BRANCH	
Deposit	R	Pay:	
Subtotal	R	The amount of	
Other debits	R	rand <span style="border: 1px solid black; padding: 2px 10px;">R</span>	
This cheque	R	cent or Bearer	
Balance	R	_____	
123		123 004003 4569876009 18	

12.

<b>RECEIPT</b>		NO.
Received from:		
The amount of:		<b>R</b>
For payment of: _____		

13.

<b>CASH INVOICE</b>		NO.	
		Date: _____	
TO:	_____		
	_____		
	_____		
BOUGHT FROM:			
Quantity	Description	Unit price	Amount
E & OE			





15.

**INCOME STATEMENT FOR THE YEAR ENDED** \_\_\_\_\_

	Note	R
Sales		
Cost of sales		
Gross profit		
Other operating income		
Gross operating income		
Operating expenses		
Operating profit (loss)		
Interest income	1	
Profit (loss) before interest expense		
Interest expense	2	
Net profit (loss) for the year		

## **7. Documents**

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You can use this section to file the Curriculum and Assessment Policy Statement (CAPS) for Economic and Management Sciences (Grades 7–9) as well as other documentation received from the Department of Basic Education.





# Study & Master

## Economic and Management Sciences

*Study & Master Economic and Management Sciences* has been especially developed by an experienced author team for the Curriculum and Assessment Policy Statement (CAPS). This new and easy-to-use course helps learners to master essential content and skills in Economic and Management Sciences.

The comprehensive Learner's Book:

- explains key concepts as well as economic and accounting terms in accessible language
- includes real-life examples
- provides glossary boxes in the margin as well as a comprehensive glossary in the back for easy reference
- offers opportunities for frequent consolidation in its Review and Exam Preparation sections.

The innovative Teacher's Guide includes:

- extended contents pages for easy daily planning
- guidance on the teaching and assessment of each lesson
- answers to all the activities in the Learner's Book
- a comprehensive glossary
- photocopiable assessment tasks, tests and exemplar examination papers and memorandums
- photocopiable templates and resources for the teacher.

**Marietjie Barnard's** extended teaching experience has manifested in her being awarded for the National Teaching Awards and in excellent national results. She has previously published with Cambridge when she was the lead author of an Accounting course aimed at bridging the gap between Grades 9 and 10.



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